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# SANTA CLARA COUNTY



## 1993 THE HOUSING ELEMENT UPDATE

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Adopted by the Board of Supervisors October 19, 1993.

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## Contents

### PART I: SANTA CLARA COUNTY HOUSING GOALS, POLICIES, AND IMPLEMENTATION MEASURES

#### Section One: Overview of the 1990 Housing Element Update

1.1 Statement of Purpose .....	1
1.2 State of California Housing Element Requirements .....	1
1.3 Organization of the Housing Element Update .....	2
1.4 Definition of the Update Study Area .....	3
1.5 Conformity With Other Elements of the General Plan .....	4
1.6 Community Participation .....	4
1.7 Inter-Agency Coordination .....	6

#### Section Two: Summary of Housing-Related Characteristics and Trends

2.1 Overview .....	7
2.2 Population and Households Profiles and Trends .....	7
2.3 Housing Stock Conditions and Trends .....	7
2.4 Study Area Housing Market Conditions .....	8
2.5 County Efforts to Encourage Affordable Housing .....	9

#### Section Three: The Housing Goals, Policies, and Implementation Measures

3.1 Overview .....	10
3.2 General Plan Housing Element Goals .....	10
3.3 General Plan Housing Element Policies .....	11
3.4 Programs to Encourage New Housing Opportunities .....	16
3.5 Santa Clara County Comprehensive Homeless Assistance Plan .....	29
3.6 General Plan Review .....	32
3.7 Housing Element Update - 1995 .....	33
3.8 At-Risk Publicly Assisted Housing Review .....	33

### PART II: HOUSING-RELATED CHARACTERISTICS AND TRENDS

#### Section One: Unincorporated Area Households

1.1 Overview .....	34
1.2 Population Trends .....	34
1.3 Age and Gender Profile .....	35
1.4 Racial Composition .....	36
1.5 Marital Status .....	37
1.6 Household Composition .....	37



1.7 Household Income .....	39
1.8 Households with Special Needs .....	40

## **Section Two: Unincorporated Area Housing Stock**

2.1 Overview .....	44
2.2 Characteristics of the Housing Stock .....	44
2.3 Occupancy Status and Condition .....	45
2.4 Vacancy Rates .....	46
2.5 Housing Costs Relative to Income Levels .....	46

## **Section Three: Unincorporated Area Housing Needs Projections**

3.1 Overview .....	48
3.2 The Association of Bay Area Governments .....	48
3.3 ABAG Forecasting Methodology .....	49
3.4 The Santa Clara County Subregional Study Area .....	50
3.5 Population Trends .....	52
3.6 Employment Trends .....	52
3.7 Forecast Housing Needs .....	54
3.8 Housing Need by Income Group .....	55
3.9 Publicly-Assisted Housing Stock .....	57

## **Section Four: Unincorporated Area Housing Development Potential**

4.1 Overview .....	58
4.2 Regional Housing Market Conditions .....	58
4.3 Santa Clara County Housing Development Trends .....	58
4.4 Residential Development Potential .....	60
4.5 Affordable Housing Component .....	61

## **PART III: SANTA CLARA COUNTY HOUSING PROGRAMS**

### **Section One: Achievements of the 1984 Housing Element Amendment Programs**

1.1 Overview .....	63
1.2 1984 Housing Programs .....	64
1.3 Other On-Going County Actions .....	80

### **Section Two: Governmental and Non-governmental Factors Influencing Housing Production**

2.1 Overview .....	81
2.2 Governmental Factors .....	81
2.3 Non-governmental Factors .....	92

**PART I:****Santa Clara County Housing Goals,  
Policies, and Implementation Measures****Section One:****Overview of the 1990 Housing Element  
Update**

### **1.1 Statement of Purpose**

The purpose for completion of the 1990 Update was twofold. First, was to provide documentation of housing needs and a schedule of actions the County will take to meet those needs; and, second, to perform the necessary technical revisions which would bring Santa Clara County's 1980 General Plan Housing Element into conformance with current State General Plan Guidelines.

As was the case with the 1984 Amendment, the 1990 update of the Housing Element (henceforth, the Update) applies only to those portions of the 1980 General Plan Housing Element pertaining to the unincorporated areas of Santa Clara County. The Update does not include or imply revisions, reinterpretations or additions to any existing County policies contained in any section of the 1980 General Plan in any manner.

### **1.2 State of California Housing Element Requirements**

Almost half a century ago, the government of the United States established the goal of providing every American citizen with a decent living environment. This was formalized with the passage of the Federal Housing Acts of 1949. In California, this national goal became official state policy with the adoption of the Housing and Home Finance Act of 1975. Ultimately, many of the goals contained in these acts found their way into California planning law and are clearly expressed in the State's General Plan Guidelines.

In regions experiencing rapid growth, such as the Bay Area, housing conditions can change dramatically over short periods of time. Consequently, the State requires an update of local agency Housing Elements at five-year intervals, a requirement not placed on any other element of the General Plan.

The Housing Element is prepared and periodically revised in accordance with the requirements of California Housing Element Law (Government Code, Title 7, Division 1, Chapter 3, Article 10.6, Section 65580-65589.8). Through these regulations, legislative intent was to ensure that:

- A "decent and suitable living environment" would be provided for every Californian;



- Sufficient authority had been delegated to local government to provide the range of housing opportunities needed by citizens at all income levels;
- Local government would responsibly assess the ramifications of the goals, policies and programs embodied in its General Plan on citizens living beyond its immediate borders, as well as those within;
- Local authorities would strive to cooperate with one another to resolve state and regional housing problems.

In hopes of achieving these goals, the code requires the Housing Element to incorporate a wide range of information, including:

- the identification and analysis of existing and projected housing needs;
- a statement of the County's housing-related goals and characteristics;
- a discussion of the policies and programs to be pursued for the preservation, improvement, and development of housing over the course of the next five years.

### **1.3 Organization of the Housing Element Update**

As implied above, the state guidelines require the housing element to contain a variety of detailed data about households and housing conditions and trends. This would include not only a profile of existing conditions, but projections of changes which might reasonably be foreseen to occur during the period covered by the element as well.

Toward revising the County's Housing Element to satisfy these requirements, the Update has been structured in the following manner:

- Part I - Santa Clara County General Plan Housing Goals, Policies and Implementation Measures, including:
  - A Statement of Purpose, Housing Element Requirements, and an Overview of the Update;
  - A Summary of Unincorporated Area Housing-Related Characteristics;
  - The Housing Goals, Policies and Implementation Measures



- Part II - Santa Clara County Housing Conditions and Trends, including:
  - A Profile of Unincorporated Area Households and Housing Stock Conditions
  - A Discussion of Unincorporated Area Housing Needs Projections
  - An Analysis of Development Potential in the Unincorporated Area
- Part III - Santa Clara County Housing-Related Plans and Programs, including:
  - A discussion of Governmental and Non-governmental Factors Influencing Housing Production
  - Achievements of the 1984 Housing Element Amendment Implementation Measures

#### **1.4 Definition of the Update Study Area**

For the purposes of allocating the San Francisco Bay Area's projected housing needs, each of the nine counties of the Bay Area have been divided into sub-areas. These sub-areas are referred to in ABAG's Projections '87 as "subregional Study Areas." There are sixteen subregional Study Areas in Santa Clara County: One representing each city and one representing the unincorporated County.

The Study Area for each city includes all the area within its city limits and the adjacent unincorporated area which has been defined by the Local Agency Formation Commission (LAFCO) as being within that city's sphere of influence. Conversely, the ABAG Study Area for the County corresponds to that portion of the county which falls outside the spheres of influence of the fifteen cities. It is referred to by ABAG as the Santa Clara County Subregional Study Area.

The ABAG methodology is designed to facilitate long-range land use planning purposes. Their procedures allocate a larger share of projected growth to cities than to counties for two primary reasons. First, it is ABAG's position that state planning guidelines proscribe a larger role for cities than counties with regard to urban development. Secondly, cities can and will likely grow to encompass the territory within their sphere of influence as their need for developable land arises.

However, in the opinion of HCD, limiting the scope of County's Housing Element to the ABAG defined Study Area would fail to adequately address the full range of households and housing needs within the County's jurisdiction. It is HCD's view that "...until land is annexed by cities, or until the cities accept

responsibility for existing as well as projected need in unincorporated areas within their spheres of influence, it is the responsibility of the County to delineate and address the existing housing needs within its domain..." in addition to those in the ABAG defined Study Area.

In light of HCD's findings and unless otherwise specified, the text and data which follow refer to characteristics of all the unincorporated area of Santa Clara County, both within and outside of city sphere of influence lines, including unincorporated islands within the cities (see Figure 1-1.4). For reading ease, the term "Study Area" may be substituted for "unincorporated areas of Santa Clara County." Unless otherwise noted, both terms refer to all unincorporated areas of the County as described above.

### **1.5 Conformity With Other Elements of the General Plan**

The Santa Clara County General Plan is a comprehensive expression of the County's land use and development policies. It is composed primarily of written text and tables, augmented by land use diagrams. It contains several specific elements which discuss the issues, goals, objectives, policies, and implementation measures related to a wide variety of planning topics (i.e., Land Use, Transportation, Natural Environment, Economic Well-Being, etc.).

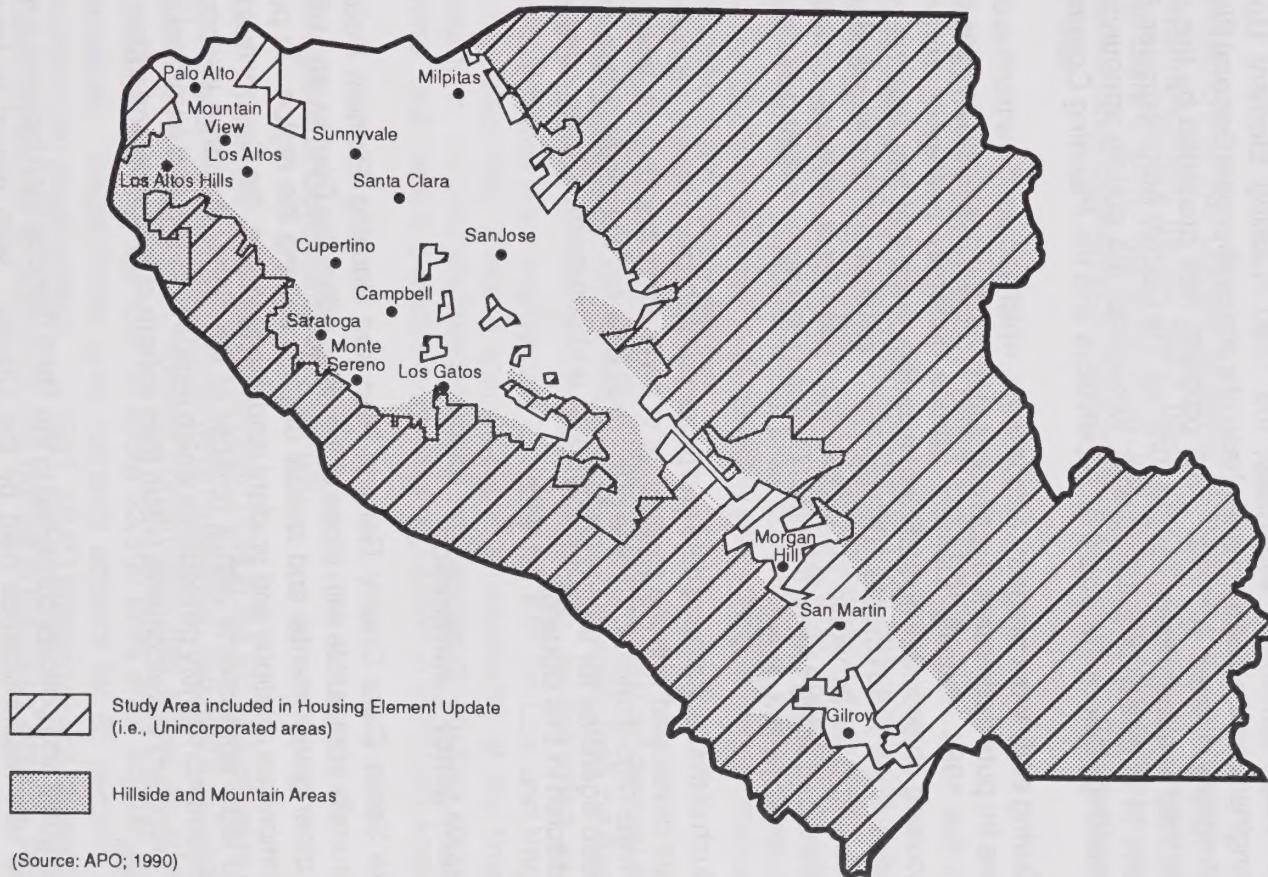
The Housing Element is a comprehensive assessment of present and future needs in light of current and projected conditions. The policies it contains will serve to guide decision makers when confronted with housing-related issues. However, housing in the county is affected by the policies and programs of other General Plan Elements, as well. Consequently the state guidelines specify that there must be internal consistency between the various elements of the plan. That is to say, any apparent conflict between the policies, goals and objectives, and diagrams contained in each element must be identified and resolved prior to adoption of the plan.

The goals, policies, and implementation measures included in this element have been carefully reviewed for consistency with those contained in the remainder of the County's General Plan. When both the text and interpretive precedence established over time are considered, the housing-related sections of the plan are fully consistent with one another.

### **1.6 Community Participation**

The Santa Clara County General Plan, including its Housing Element, is the product of a comprehensive General Plan revision which occurred in 1980. As it states, "...the General Plan is intended to serve as a guide for county-wide development...". It was adopted following a two-year process which included review by a citizen's advisory committee, work sessions open to the public, a

Figure I-1.4: 1990 Housing Element Update Study Area



number of conferences, wide distribution of the draft plan, and extensive public hearings by the County Planning Commission, the Intergovernmental Council (which included representation of the cities, the Board of Supervisors, special districts, and school districts), and the Board of Supervisors.

Although performed separately, the 1990 Housing Element Update was originally conceived of as one phase of a comprehensive General Plan Review Program initiated in 1990. That program was preceded by the posting of notices in newspapers, county libraries, the County Administration Buildings, and in a variety of public places throughout the county announcing public meetings before the Board of Supervisors and the Planning Commission.

During early work program discussions, which included numerous opportunities for public comment, it was concluded that the goals and policies contained in the 1984 Housing Element Update generally portrayed current county housing objectives with sufficient accuracy such that they could serve as the basis of the 1990 Update. This position was taken with the knowledge that the housing policies would be closely-examined by a citizen's committee and evaluated along with all the other General Plan policies during a later phase of the Review Program.

Much of the background data and program information contained in the Update was developed with the assistance of a variety of housing-related public and private organizations. Copies of the draft element were later circulated among those agencies for their consideration and comment. Those comments are reflected in this Update.

### **1.7 Inter-Agency Coordination**

The Santa Clara County General Plan and Housing Element Policies are generally compatible with those of the cities within the County, and with those of other governmental and special districts serving the region. In pursuit of harmonious relations and prudent land use planning, the County has entered into legal agreements with a number of the cities. In some instances, the agreements identify procedures which facilitate review and comment by cities on proposed developments within their sphere of influence and urban service areas.

The goals and policies contained in the 1980 General Plan balance a range of land use responsibilities held by the County. With regard to housing in particular, the goals and policies effecting residential land use in the rural, unincorporated areas enjoy substantial support among the cities.

**Section Two:****Summary of Housing-Related Characteristics and Trends****2.1 Overview**

This section of the Update presents a summary of the housing-related characteristics and trends which have affected housing in unincorporated Santa Clara County. Not surprisingly, the Study Area generally shares many household and housing stock characteristics with the rest of the county and the Bay Area.

**2.2 Population and Households Profiles and Trends**

Despite steady population growth countywide, unincorporated area population is less today than it was in 1980. This is largely because a significant number of formerly unincorporated area households have been annexed into adjacent cities. The 1990 unincorporated area population is estimated at about 106,000. Study Area households generally share the age, gender, marital, and race profile of the County at large.

The 1990 median family income for unincorporated area (four-person) households was estimated to be at about \$54,000, slightly higher than the Bay Area median. Despite income growth over the decade, an estimated 30 to 35 percent of Study Area households currently fall into the Low and Very Low income categories. While a specific count is unavailable at this time, it is evident from the overwhelming demand on emergency shelters and social services, that there is a sizable homeless population in the Study Area.

**2.3 Housing Stock Conditions and Trends**

In 1980, 70 percent of the 39,000 housing units in the Study Area were single family houses, less than 26 percent were multifamily, and only 4 percent were mobile homes. Since then, housing construction has added an additional 1,400 units, bringing the total to about 33,500 units after adjustments for annexations. Single family units currently account for 80 percent of the unincorporated housing stock. In 1987, ABAG housing needs determination indicated a need for an additional 545 homes in the Study Area by 1995.

ABAG's estimate of housing needs indicates that the majority of those new units should be affordable to households of moderate and low incomes. This is, in part, to make up the current deficit of housing affordable to such households in the Study Area. This may prove a formidable task given housing costs in the Study Area and countywide.

The 1980 census revealed a median valuation of \$155,860 for Study Area homes compared with \$107,000 median for the county as a whole. Surveys performed in December 1990 indicated a median sales price of a new home as \$225,000 countywide. The price of a home in the unincorporated urban areas generally reflected the countywide median; homes in rural unincorporated areas, typically larger houses on larger parcels, had a median value of about \$300,000 at that time.

## 2.4 Study Area Housing Market Conditions

Over the past decade, national economic trends combined with local growth in population and employment growth to impact housing affordability in Santa Clara County and the Bay Area. Growth in household income over the decade failed to significantly narrow the gap between incomes and regional housing costs. Household formations and employment growth remained consistently ahead of housing construction, sustaining upward pressure on housing prices.

Further compounding the local “affordability barrier” for most renter households and would-be, first-time buyers have been actions taken by the federal government. National housing policies and the restructuring of federal income tax regulations have had a discernibly negative effect on affordability here in the Bay Area.

Beginning in 1980 and continuing to the present, the federal government dramatically reduced or completely eliminated many affordable housing programs and subsidies for local housing programs. Revisions to federal income tax regulations, implemented in 1986, have resulted in an average increase in the amount of income taxes paid by moderate and low income households, while decreasing the average tax bill for upper income households (*Harper's*, April 1989). In addition, real-wages have stagnated as costs of living have continued upward.

What this has meant for many households in Santa Clara County, is diminished home-buying power at a time when a majority of households were already excluded or were in danger of being excluded from the region's housing market by high and rising home prices. The County has, through its housing policies and programs, attempted to ameliorate this situation as best it could with limited and diminishing resources.

## 2.5 County Efforts to Encourage Affordable Housing

Although State guidelines and the regional housing need allocation utilized in the Housing Element Update focus attention only on the unincorporated areas, Santa Clara County has been called on to address a wide range of housing needs for residents throughout the county. In response to these needs, the County has developed a variety of housing assistance programs to encourage the construction of housing of all types affordable to households at all income levels throughout the county. It has also become a key provider in efforts to assist the homeless countywide.

The County administers the Mortgage Revenue Bond and Mortgage Credit Certificate Programs, underwriting 80 percent of housing bond programs and 100 percent of the Mortgage Credit Certificate program with its bonding authority and administrative resources. The County also administers the CDBG Program and other programs funded by the federal Department of Housing and Urban Development (HUD) for all the unincorporated areas of the County. It also administers the block grant programs of several smaller cities through the Urban County Community Development Block Grant Program, a consortium of ten non-entitlement cities and the County. CDBG funds are channeled through the County's Housing and Community Development (HCD) to assist the cities in their affordable housing efforts.

### Section Three:

### The Housing Goals, Policies, and Implementation Measures

#### 3.1 Overview

The section below describes the housing-related goals and policies of the General Plan. Prior to formulating the goals and policies, the 1980 General Plan Advisory Committee and County staff spent considerable time evaluating current and projected housing-related conditions. Analysis of those conditions led them to conclude that, in the future, Santa Clara County faced “a serious housing crisis.”

It was felt housing development countywide had not kept pace with employment growth and, unless this disparity was corrected, the economic, social, and environmental health of the county would be jeopardized. With this perception in mind, goals were generated which, it was hoped, would guide both the cities and the County toward development of a diverse and ample housing stock. One which offered affordable shelter to households at all income levels.

While it was understood that the cities were autonomous jurisdictions, it was nevertheless felt that cooperative action was essential to achieving a diverse and affordable housing supply throughout the county. By coordinating local housing objectives, it was perceived that the cities and the County could fulfill future local housing needs “in its own way rather than waiting for higher levels of government to mandate solutions.”

The failure of communities countywide to establish or maintain a more balanced and diverse housing stock does not stem from the County’s housing goals and policies. On reflection, the goals are all laudable and appropriate in character. The underlying causes of the current countywide housing affordability problems stem from a wide range of public and private actions (or inactions) which will be addressed in later sections.

#### 3.2 General Plan Housing Element Goals

The Housing Element goals describe the desired future conditions or “end-states” the County hopes to achieve through its housing-related efforts. By their nature, goals are somewhat abstract yet meaningful expressions of community values rather than specific actions. When the goals were originally developed, they were intended to lead to the creation of a safe, well-built and well-maintained housing stock throughout the county. This housing would offer a range of styles, prices, and locations that satisfied the shelter needs of all county households. These intentions are clearly reflected in the Housing Element Goals below.

1. An adequate supply of decent, affordable housing which is accessible to all county residents and workers of the county seeking to live here.
2. Housing throughout the county which is affordable to low and moderate income households.
3. Sufficient, affordable housing near major employment areas which provides opportunities for employees to choose to live close to their jobs.
4. Existing housing supply maintained and conserved in a safe and serviceable condition, housing deficiencies eliminated, and deterioration prevented.
5. Arbitrary housing discrimination based on race, religion, ethnic origin, marital status, age, sexual orientation or physical characteristics eliminated.
6. Emergency housing needs met throughout the county.

(As amended December 15, 1981).

### **3.3 General Plan Housing Element Policies**

The policies are intended to give direction not only to the County, but to encourage both general and specific actions on the part of the cities, as well. The policies below include those which encourage types of residential development in both urban and rural areas of the county, incorporated and unincorporated. The policies are grouped around seven issue areas dealing with different aspects of housing in Santa Clara County.

As noted above, the issue of whether or not to retain the housing-related goals and policies originally written into the County's 1980 General Plan and continued in the 1984 Housing Element Update was raised at public hearings before the Board of Supervisors as the General Plan Review Program was developed. The conclusion reached at those hearings was that the goals and policies were still relevant and appropriate. Nevertheless, the Board determined that, although a technical update of the Housing Element would necessarily have to precede the full General Plan Update, the housing-related policies in the element should be re-examined later in conjunction with all the other policies contained in the General Plan.

***Issue:*** ***INCREASING THE SUPPLY OF AFFORDABLE HOUSING***

Policy One: New housing for the urban population shall be built in the cities.

Policy Two: Intergovernmental and public and private co-operation shall be encouraged to achieve an adequate supply of affordable housing.

Policy Three: The following principles shall be encouraged in the provision of housing for the urban population:

- a) Increase the supply of housing in each part of the county to a level consistent with existing employment without exceeding the capacity of the natural environment and constructed systems in each area of the county.
- b) Provide a sufficient supply of new housing in each city to offset the housing demand created by its new job growth.
- c) Locate housing so that workers have the opportunity to live within a reasonable commuting distance of their jobs.
- d) Assure that at least 10% of all new homes and apartments, and 25% of all condominium converted units are available to households earning less than 120% of the county median income.

Policy Four: The way municipal services and facilities are financed should be reformed in order to offset the added financial burdens of providing services and facilities to new residential development.

Policy Five: Rezoning and a new zoning district to allow combined industrial/residential use of land within city urban service areas should be considered in cooperation with Intergovernmental Council and affected cities.

***Issue:***

***FINANCIAL ASSISTANCE FOR LOW AND MODERATE INCOME HOUSING***

**Policy Six:**

Affordable housing for low and moderate income households not satisfied through the private market shall be provided by local government by:

- a) Maximizing the use of federal and state financial assistance programs, and
- b) Creation of local programs which could provide financial assistance or increased incentives for constructing low and moderate income housing, such as tax exempt revenue bonds and landbanking.

**Policy Seven:**

At least half of the funds generated from state and local programs for housing shall be targeted to households earning less than 80% of the county median income.

**Policy Eight:**

Provision of housing which is suitable for families with children shall be given high priority in housing assistance programs.

***Issue:***

***PRESERVING EXISTING AFFORDABLE HOUSING***

**Policy Nine:**

Existing rental housing shall be protected from conversion to ownership housing according to the needs of each community.

**Policy Ten:**

The public and private sector should work together to provide replacement housing for habitable low and moderate income housing lost through demolition or conversion to non-residential use.

**Policy Eleven:**

Residents in rental housing shall be protected from excessive and arbitrary rent increases.

<b>Issue:</b>	<b>HOUSING CONSERVATION AND REHABILITATION</b>
Policy Twelve:	The conservation and rehabilitation of the existing housing supply shall be supported and facilitated.
Policy Thirteen:	Publicly assisted housing rehabilitation should not have the effect of reducing the available supply of housing for low and moderate income households.
<b>Issue:</b>	<b>EQUAL HOUSING OPPORTUNITIES</b>
Policy Fourteen:	Fair housing laws shall be augmented and enforced to protect against arbitrary housing discrimination.
Policy Fifteen:	Fair housing services shall be available in all parts of the county.
Policy Sixteen:	The rights of tenants and landlords shall be recognized and protected, and opportunities for mediation of disputes shall be provided.
<b>Issue:</b>	<b>SPECIAL HOUSING NEEDS</b>
Policy Seventeen:	The supply of suitably designed and conveniently located housing units meeting the needs of handicapped persons and senior citizens shall be increased throughout the county.
Policy Eighteen:	The supply of short-term shelter for persons in need of emergency housing due to personal crises shall be expanded throughout the county.
Policy Nineteen:	Affordable housing for the elderly, handicapped and single-parent heads of household shall be available throughout the county.
Policy Twenty:	An adequate quantity of housing which is suitable for families with children shall be made available throughout the county.

Policy Twenty-One:

Licensed residential care facilities which are adequate to meet needs shall be provided and dispersed throughout the county.

*Issue:*

***HOUSING IN UNINCORPORATED AREAS***

Policy Twenty-Two:

Unincorporated lands within city urban services areas should be annexed to cities before being developed for residential purposes.

Policy Twenty-Three:

Existing housing in unincorporated areas within city urban service area boundaries should be annexed to the cities.

Policy Twenty-Four:

Unincorporated lands outside of urban services areas shall not be directly available as a land resource for the housing needs of the urban population, but shall contribute to the housing needs of the county in the following ways:

- a) A portion of the land area is suitable for future urban expansion and shall be maintained in lots of at least twenty acres in size so that this land may be efficiently converted to urban land uses at the appropriate time.
- b) Those portions of the rural area already committed through existing patterns of development to low density suburban residential housing are designated in the Land Use Map and shall provide a limited supply of sites for new suburban housing.
- c) Most of the land outside of urban service areas is designated for land uses oriented toward the natural resources of the rural areas, and housing necessary for the population directly earning its livelihood from these natural resources is provided for in the rural areas. Affordable housing shall be available to agricultural workers in these areas.

### 3.4 Programs to Encourage New Housing Opportunities

As part of the Housing Element Update process, an analysis and evaluation of the success of the policies and programs implemented during the prior five-year period is required. When performed for the 1990 Update, this exercise indicated that, taken individually, the programs included in the 1984 Update were generally successful in achieving their objectives. However, the larger goals of creating and maintaining a housing stock of sufficient size, diversity, and affordability countywide has clearly not been attained. The reasons for this are fairly clear but nonetheless complex.

The primary reason is that countywide household and employment growth outpaced housing construction during the 1980's. This situation has thrown an ever increasing number of households at all economic levels into the countywide housing market at a time when the market was growing smaller in relation to jobs. This, in turn, contributed to a phenomenal jump in housing prices during the late 1980s which precluded homeownership for a substantial number of county households.

During this same period, three critical factors coalesced to exacerbate the situation. First, vacant, residentially designated land in the cities became increasingly scarce. Second, for a variety of reasons many communities became resistant to permitting the construction of higher density housing (i.e., apartments, condominiums, and townhomes), particularly those projects which were targeted toward low and moderate income households. Third, funding for the development of low and moderate income housing from federal sources essentially vanished.

At the start of the decade the County adopted a General Plan which included many "progressive" land use policies. These policies were aimed at preventing urban sprawl across prime farmlands and sensitive environments. They also served to maximize the use of dwindling post-Proposition 13 property tax dollars by focusing intense development into areas where services and infrastructure were already provided by the cities. The cornerstone of these policies was the presumption that urban development should occur within the cities. These intentions were then and are now encouraged and broadly supported by all the cities.

The effect of these policies, with regard to housing development, has been to position the cities as the primary providers of housing for urban households. With the exception of a handful of "pockets" of unincorporated areas within the cities (which the County's General Plan states should eventually be annexed to cities), there are few opportunities for the County to directly engage in high density housing development. Nevertheless, the County sought to fulfill its own General Plan housing commitments and simultaneously encourage greater activity by cities, through a variety of low income housing development

programs, such as the Urban County Program for the Community Development Block Grant (CDBG) funds. Through these programs the County has funneled its housing monies into projects which have resulted in hundreds of new and rehabilitated units countywide.

Through the initial stages of the General Plan Review then underway and through the Housing Element Update process, it became evident that the housing-related goals and policies of the General Plan continued to enjoy widespread support by both residents and elected officials. Consequently, those goals and policies will be continued in the 1990 Update. However, there is also interest in identifying every opportunity available within its broader urban development polices through which the County might encourage and facilitate increased housing development in the urbanized county, particularly for low and moderate income households.

The full range of programs to be employed by the County between 1990 and 1995 in achieving its housing goals and in implementation of its housing policies are detailed below. Each measure is described briefly followed by the responsible agency or agencies. Quantified objectives, time frame, and funding source are also indicated, where possible. A target year is provided for programs which are not ongoing. Unless otherwise indicated, all programs apply to all household's in the county, whether in unincorporated or incorporated area. (Note: The term "Urban County" describes the County Administered CDBG program, and benefits household's in participating non-entitlement cities and the entire unincorporated county)

■ **Implementation Measure:** **Multifamily Mortgage Revenue Bonds**

The County intends to issue mortgage revenue bonds to establish a source of funds to finance the construction or rehabilitation of multifamily apartment projects in participating cities and the county. Eligible tenants include varying proportions of low and very low income households.

**Responsible Agency:** • Housing Bond Coordinator of Santa Clara County

**Quantified Objectives:** • 130 to 160 units annually

**Time Frame:** • Ongoing program

**Funding Source:** • Bond issue proceeds (scheduled)  
1990 - (none issued)  
1991 - \$12-15,000,000  
1992 - \$12-15,000,000

■ **Implementation Measure:** **Refunding Bonds for the Grove Garden Apartments**

The County intends to issue current refunding bonds for the Grove Garden Apartment to improve the project's financial position and cash flow. As a requirement for refinancing, the developer will be obligated to retain 20% of the units for occupancy by low and moderate income households for a ten year term in addition to the initial term, and the maximum rents for the below-market rate units will be lowered from 30% to 25% of 80% of median income.

**Responsible Agency:** • Housing Bond Coordinator of Santa Clara County

**Quantified Objectives:** • Maintain 220 affordable units

**Time Frame:** • Ongoing

**Funding Source:** • Bond issue proceeds

■ **Implementation Measure:** **Mortgage Credit Certificate Program**

The County intends to continue participating in the Mortgage Credit Certificate (MCC) Program to assist first-time home buyers in the purchase of homes in Santa Clara County.

**Responsible Agency:** • Housing Bond Coordinator of Santa Clara County

**Quantified Objectives:** • Issue 1200 certificates annually; 50 percent to low and moderate income households

**Time Frame:** • Ongoing

**Funding Source:** • Mortgage Revenue Bond Authority

■ **Implementation Measure:** **California/Federal Low Income Housing Tax Credit Extension**

Current law permits investor/owners of qualified projects to receive substantial tax benefits. The program permits investors to gain access to ownership through the purchase of limited partnership interests. Both the State and federal laws authorizing these programs terminate at the end of 1990. The County intends to support legislation extending both.

Responsible Agency: • Housing Authority of Santa Clara County and Other Agencies  
Quantified Objectives: • None  
Time Frame: • 1990  
Funding Source: • (Not applicable)

■ **Implementation Measure:** **Low Income Housing Trust Fund**

Given the tenuous nature of CDBG funding levels, the County intends to pursue all other viable options, both public and private, for funding new housing construction, acquisition and rehabilitation of housing for low and moderate income residents throughout the County. A Housing Trust Fund or similar fund, would serve as a possible source of housing funds independent of state or federal allocations.

Responsible Agency: • Housing and Community Development and Housing Bond Coordinator of Santa Clara County  
Quantified Objective: • A consistently reliable source of low income housing funds  
Time Frame: • Ongoing  
Funding Source: • County General Revenue Fund and all other available sources

■ **Implementation Measure:** **Community Development Block Grant Funds**

The federally-sponsored Community Development Block Grant (CDBG) Program funds a wide variety of housing-related activities. The funds are administered to qualifying public and private agencies for specific projects and programs including community public service activities, administration and planning of housing initiatives, rehabilitation and retrofitting, and acquisition and construction of affordable housing. Allocations are made annually following a thorough review of project/program prospectus, and public testimony. To sustain local housing efforts, the County intends to continue seeking CDBG funding.

Responsible Agency:	• Housing and Community Development
Quantified Objectives:	• Maximum feasible allocation
Time Frame:	• Ongoing
Funding Source:	• Federal allocation, determined annually

■ **Implementation Measure:** **Section 312 - Loan Program**

The County intends to utilize this second-generation Housing and Urban Development Department (HUD) program for as long as the program operates. Section 312 provides low-interest loans of up to \$30,000 to correct code violations in residential, mixed-use, multifamily, or commercial units throughout the county. Eligible participants for residential loans must be low and moderate income (up to 120% of median income), credit worthy homeowners. All other loans must benefit low income residents.

Responsible Agency:	• Housing and Community Development
Quantified Objectives:	• To assist low income homeowners in correcting code violations in 9 residential units annually
Time Frame:	• Ongoing
Funding Source:	• HUD

■ **Implementation Measure:** **Section 8 - Existing Housing Certificate Program**

The County intends to utilize this program which assists low income households by issuing a certificate equal in value to the difference between 30% of their gross monthly income and the total rent for their home.

Responsible Agency:

- Housing Authority of Santa Clara County

Quantified Objectives:

- In May, 1990, 6,346 units were under contract countywide, 99% of the HUD allocation; An annual growth rate of 5% is projected in this program.

Time Frame:

- Ongoing

Funding Source:

- HUD

■ **Implementation Measure:** **Section 8 - Existing Housing Voucher Program**

The County intends to continue using this tenant-based rent assistance program which provides a specific subsidy to any contract unrelated to a tenant's ability to pay. It is intended to eliminate the incentive for "shadow" markets to develop where program rents are capped, as they are under Section 8 - Certificate Program.

Responsible Agency:

- Housing Authority of Santa Clara County

Quantified Objectives:

- In May, 1990, there were 1,319 units under contract, 100% of the HUD allocation; an annual growth rate of 5% for this program is projected

Time Frame:

- Ongoing

Funding Source:

- HUD

■ **Implementation Measure:** **Project Support to Non-Profit Housing Development Corporations**

The County intends to continue allocations which assist non-profit development corporations, such as Community Housing Developers, Inc., Mid-Peninsula Citizens for Fair Housing, Housing for Independent People, and South County Housing, Inc., that provide low cost rental and ownership housing throughout the county.

Responsible Agency:	<ul style="list-style-type: none"><li>• Housing and Community Development</li></ul>
Quantified Objective:	<ul style="list-style-type: none"><li>• None</li></ul>
Time Frame:	<ul style="list-style-type: none"><li>• Ongoing</li></ul>
Funding Source:	<ul style="list-style-type: none"><li>• Community Development Block Grant Funds</li></ul>

■ **Implementation Measures:** **Housing for People with AIDS**

The County intends to allocate Density Bonus Ordinance funds to Housing for Independent People to assist in the provision of special needs housing for people with Acquired Immuno-Deficiency (AIDS) in the unincorporated area.

Responsible Agency:	<ul style="list-style-type: none"><li>• Housing and Community Development Department</li></ul>
Quantified Objective:	<ul style="list-style-type: none"><li>• Shelter for six homeless Persons With AIDS (PWAs)</li></ul>
Time Frame:	<ul style="list-style-type: none"><li>• 1990</li></ul>
Funding Source:	<ul style="list-style-type: none"><li>• Density Bonus Ordinance, Low Income Housing Fund</li></ul>

■ **Implementation Measure:** **Project Match**

The County intends to continue to contribute to the operations of Project Match, a non-profit agency connecting seniors to other seniors seeking to reduce housing costs through shared housing arrangements.

Responsible Agency:	<ul style="list-style-type: none"><li>• Housing and Community Development</li></ul>
Quantified Objective:	<ul style="list-style-type: none"><li>• Assist approximately 400 Urban County clients annually.</li></ul>
Time Frame:	<ul style="list-style-type: none"><li>• Ongoing</li></ul>
Funding Source:	<ul style="list-style-type: none"><li>• Community Development Block Grant Funds</li></ul>

**■ Implementation Measure: Shared Housing**

The County intends to continue contributing funds to Shared Housing, Inc., a non-profit agency which assists primarily single-parent families in Santa Clara County that wish to reduce housing costs through shared living arrangements.

Responsible Agency:

- Housing and Community Development

Quantified Objective:

- Assist 350-380 Urban County Clients annually

Time Frame:

- Ongoing

Funding Source:

- Community Development Block Grant Funds

**■ Implementation Measure: Rental Rehabilitation Program**

The County intends to apply for funds for this program which provides a resource to correct code violations in rental units targeted for low and moderate income households in the Urban County.

Responsible Agency:

- Housing and Community Development

Quantified Objective:

- Assist in the rehabilitation of 30-40 units annually in the Urban County

Time Frame:

- Ongoing

Funding Source:

- HUD

**■ Implementation Measure: California Housing Rehabilitation Program for Owners (CHRP-O)**

The County intends to continue participation in CHRP-O which provides low interest deferred loans up to \$30,000 to low income households for the rehabilitation of owner-occupied single family units.

Responsible Agency:

- Housing and Community Development

Quantified Objective:

- Provide loan assistance to as many unincorporated area home owners as resources permit

Time Frame:

- Ongoing

Funding Source:

- State funds

■ **Implementation Measure:** **California Housing Rehabilitation Program for Renters (CHRP-R)**

The County intends to continue participation in CHRP-R which provides low interest loans up to \$100,000 for the rehabilitation of rental units occupied by low income households.

Responsible Agency: • Housing and Community Development

Quantified Objective: • Provide loan assistance to as many unincorporated area owners as resources permit

Time Frame: • Ongoing

Funding Source: • State funds

■ **Implementation Measure:** **New Affordable Housing Initiative**

The County intends to facilitate the Housing Authority of Santa Clara County in utilizing all available subsidy programs to facilitate development of low and moderate income rental and ownership housing.

Responsible Agency: • Housing Authority of Santa Clara County

Quantified Objective: • 150 units annually

Time Frame: • 1990-1995

Funding Source: • All available programs

■ **Implementation Measure:** **Residential Development Data**

The County intends to continue monitoring housing activity throughout the county and providing reports on this activity to the public and to decision makers at all levels. Through monthly and quarterly summaries of residential development activity, an individual or agency can acquire current information regarding the type, location and number of housing units built.

Responsible Agency: • Santa Clara County Department of Planning and Development

Quantified Objective: • To provide continuous, current information concerning residential development activity

Time Frame: • Ongoing

Funding Source: • Santa Clara County General Revenue Fund

■ **Implementation Measure:** **Pre-development Loan Program**

The County intends to continue participating in this program which provides loans for site acquisition and preparation; architectural engineering, legal, permit, and application fees; and bonding expenses. Loans are not available for construction financing or administrative costs. Eligible participants are non-profit housing development corporations.

Responsible Agency:

- Santa Clara County Housing and Community Development Section

Objective:

- Provide pre-development loan to at least one multifamily development within the Urban County

Time Frame:

- Ongoing

Funding Source:

- Community Development Block Grant Funds

■ **Implementation Measure:** **Unincorporated Area Rehabilitation Project**

The County intends to continue participation in this program which provides housing rehabilitation for the residents of the unincorporated area of the County through low-interest home improvement loans. Includes technical assistance to insure that the actual construction work is done in a correct and timely manner. Eligibility is determined through income guidelines.

Responsible Agency:

- Housing and Community Development

Objective:

- To assist low income (less than 80% of median income) home owners in bringing their home up to code standards

Time Frame:

- Ongoing

Funding Source:

- Community Development Block Grant

■ **Implementation Measure: Housing Rehabilitation Services**

The County intends to continue participation in this program which provides technical assistance and monitoring for construction and contractual aspects of the rehabilitation program by County housing rehabilitation specialists. This includes performing initial inspections, preparing work write-ups, putting work out to bid, performing on-site inspections and all necessary follow-up. In addition, the rehabilitation specialists provide technical assistance to the CDBG housing development corporations. These services are provided to the entire Urban County Cooperative Rehabilitation Program. Each city determines eligibility based on its own income guidelines.

Responsible Agency:

- Housing and Community Development

Objective:

- To provide technical assistance to 80 to 150 units, conserving and improving Urban County housing stock

Time Frame:

- Ongoing

Funding Source:

- HUD

■ **Implementation Measure: Section 8 - Existing Housing Assistance Program Aftercare**

The County intends to continue soliciting funds to sustain this program which provides rental subsidies for developmentally, physically, or mentally challenged persons capable of independent care who are sponsored by a community agency throughout their period of transition to independent community life.

Responsible Agency:

- Housing Authority of the County of Santa Clara

Objective:

To house developmentally, physically, or mentally challenged persons throughout Santa Clara County

Time Frame:

- Ongoing

Funding Source:

- HUD

■ **Implementation Measure: Migrant Farmworker Housing**

The County intends to continue seeking state funding for the Arturo Ochoa Center which provides seasonal housing and day care facilities for migrant farmworker families whose permanent residence is over 50 miles away and whose income is derived at least 50% from agriculture-related employment.

Responsible Agency:

- Housing Authority of the County of Santa Clara

Objective:

- To maintain 100 units of migrant farmworker housing

Time Frame:

- 1990-95

Funding Source:

- State funds

■ **Implementation Measure: California Natural Disaster Assistance Program (CALDAP)**

The County intends to continue participation in this program which provides low interest (3%) deferred loans to assist in rehabilitating or reconstructing homes damaged by earthquake. Borrower must be the owner-occupant of the single family dwelling including condominium units, townhouses, cooperative units, duplexes, manufactured homes and mobile homes. Borrower must also have been declined for rehabilitation assistance from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA).

Responsible Agency:

- Housing and Community Development

Objective:

- To assist owner-occupants in the restoration of their earthquake-damaged homes

Time Frame:

- 1990-95

Funding Source:

- State funds

■ **Implementation Measure:** **Housing Complaint Resolution and Referral Program**

The County intends to continue funding this program which provides referral or resolution services for inquiries on a wide range of housing needs.

Responsible Agency:

- Human Relations Commission of Santa Clara County

Objective:

- Refer or resolve approximately 5,000 calls per year from county residents

Time Frame:

- Ongoing

Funding Source:

- County General Fund

■ **Implementation Measure:** **Coordinator of Community Housing Services**

The County intends to continue its funding of this program which provides direction and coordination to community organizations which provide emergency housing countywide.

Responsible Agency:

- Human Relations Commission of Santa Clara County

Objective:

- To encourage agencies providing emergency food and shelter to cooperate in efforts which maximize emergency housing funds, services and facilities on a continuous basis

Time Frame:

- Ongoing

Funding Source:

- Santa Clara County General Fund

■ **Implementation Measure:** **Neighborhood Mediation and Conciliation Services**

The County intends to continue funding this program which provides a mediation and conciliation service in neighborhood situations and in tenant-landlord situations countywide.

Responsible Agency:	• Human Relations Commission of Santa Clara County
Objective:	• Reconcile between 600 - 650 disputes annually
Time Frame:	• Ongoing
Funding Source:	• Santa Clara County General Fund

### 3.5 Santa Clara County Comprehensive Homeless Assistance Plan

To satisfy HUD requirements for agencies employing CDBG funds and funds earmarked for the homeless, HCD drafted the Comprehensive Homeless Assistance Plan for the Santa Clara County Urban County Jurisdictions.

The Plan outlines the strategies for assisting homeless people throughout the Urban County. Excerpts from that report pertinent to the Housing Element Update are paraphrased below.

For the purposes of the report, a homeless individual was defined as :

- 1) An individual who lacks a fixed, regular and adequate nighttime residence; and,
- 2) An individual who has a primary nighttime residence that is:
  - a. A supervised publicly or privately operated shelter designed to provide temporary living accommodations;
  - b. An institution that provides a temporary residence for individuals intended to be institutionalized; or
  - c. A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. The term does not include a prison inmate.

A 1985 study done by the California Department of Housing and Community Development reported that the majority of homeless in California, at that time, were men (90%), averaging 34 years of age. Of this group, many were mentally

challenged or were substance abusers. They were also most likely to come from a minority ethnic background. In addition, a significant portion (as high as 30%) were believed to be veterans.

Comparatively, a 1987 Santa Clara County HCD study profiled the County's homeless population as a spectrum of young and old, individuals and families, men and women, the previously employed, as well as the currently employed and employable, and mentally challenged individuals.

Santa Clara County's homeless population is mobile and interacts with numerous city, County, and non-profit agencies. Providers recognize this movement and in most cases operate on a countywide basis rather than trying to observe jurisdictional boundaries. While this philosophy is beneficial to the County's homeless, it makes it difficult to determine the size and character of the homeless population or to identify the specific needs of homeless individuals.

Both reports identified the principle causes of homelessness in the Urban County as:

- 1) Shortages of housing affordable to low income people;
- 2) The effect of unemployment on the "marginal" work force;
- 3) De-institutionalization of the mentally ill;
- 4) The breakdown of traditional social structures and relationships;
- 5) Underemployment;
- 6) High costs of living with low wages;
- 7) Impact of subsidized units converting to market rate.

A 1989 study prepared by the Homeless Overview Study Task Force for the County estimated the average daily homeless population at about 1,940; annual estimates from homeless advocacy groups range from 13,000 to 20,000. However, the 1,940 figure includes 240 individuals in need of transitional housing rather than emergency shelter.

Determining how many of these people live specifically within the unincorporated county would be a formidable task, if not impossible. Homeless people are frequently nomadic, even within one city. The homeless of Santa Clara Valley have fifteen cities interspersed with many small unincorporated county pockets within which to move about. On a strict resident-to-homeless ratio, it would

appear that the unincorporated county's "share" of the countywide total estimated daily homeless population would be about 8.5% or 165 people. Based on countywide estimates, 145 of these people would be in need of emergency housing with an additional 20 in need of transitional housing.

The Homeless Study included a daily count, taken in August 1989. This survey revealed that approximately 70 percent of the sample homeless population were male, 30 percent were female. In terms of age profiles, the largest group, 47 percent, were between the ages of 19 and 44, 9 percent were between 45 and 64, and only one percent aged 65 and over. One disturbing statistic was that 43 percent of the homeless consist of children under the age of 18; the majority of these children were under 12 years old.

Ten percent of those questioned were married, 65 percent were single, and the remaining 25 percent were divorced, separated or widowed. Ethnically, the majority, or 40 percent, were Anglo-American, while Afro-Americans made up 35 percent, Hispanics 21 percent, and Native Americans, Asian-Americans and "others" together made up less than 4 percent of those surveyed.

When the full range of emergency/transitional facilities, programs, and services for the homeless are analyzed, it is evident that the County spends far in excess of the needs of 165 individuals, its "share" of the countywide homeless population. However, such a narrow definition of responsibility would not alleviate the breadth of need. Instead the County has chosen to work closely with the cities, and with the non-profit agencies which serve the homeless, to strive to maximize all forms of assistance. To facilitate this effort, the office of Homeless Coordinator to the County Executive has been established to develop a policy and coordinate services for the homeless throughout Santa Clara County. Through this office, the Department of Social Services, the Human Relations Commission, the County's public health hospital, and housing section the County responds not only to its small share of the homeless, but supports the efforts of organizations and cities countywide.

In addition to funding non-profit shelters and services in the urbanized areas near public and private facilities for the homeless, the County has sought to bring services to geographically remote areas. To achieve this, the County has funded a variety of programs and social services in South County to serve agricultural workers and homeless rural area residents.

Due to the rapid increase in the number of homeless over the past five years, construction of shelters in the cities and the county only represent a "holding pattern." Most facilities are designed to serve clients temporarily (30 to 45 days, with some extensions). Currently there are approximately 953 beds provided in eight separate agencies throughout Santa Clara County, which benefit from some degrees from County funding , available throughout the year. There are another 450 beds for families at the county sponsored Camp

Ochoa Winter Shelter that are available only during the four cold months of the year, and 340 beds at the three National Guard Armories that are available only from mid-December to mid-March.

There are a number of transitional shelters (for up to two year stays) which are sustained, in part, through County funding and are designed for both families and single adults offering a range of social and emotional support services. There are approximately 315 beds designated for this purpose located throughout the County. In addition, Santa Clara County operates the Children's Shelter which offers 90 beds to abused and endangered children who have been removed from parents custody. The shelter provides housing and support services while foster care is being arranged.

Within Santa Clara County, few resources exist for the handicapped homeless, those individuals with physically or mentally disabling conditions. However, there are a few non-profit facilities who benefit from County funding which provide shelter and support services exclusively for the physically or mentally challenged; approximately 100 beds in 3 facilities. In addition, approximately 360 beds for both families and adults with special needs are being developed by Housing for Independent People (HIP) with partial assistance from the County and are expected to be available before Winter 1990.

The cumulative total of emergency, transitional and special needs shelter to which Santa Clara County contributes support, is approximately 1,818 (2,609 in Winter). To increase the number of facilities and range of services available to the homeless, the County intends to continue applying for future allocations through the federal Emergency Shelter Grant Program (ESGP). Previous allocations have been used to benefit local agencies for the rehabilitation and repair of existing emergency shelters. The County will continue to fund operation of the Cold Weather Shelters in State armory facilities and press for year-round accessibility to these facilities through the Governor's Office. The County will also continue its support the countywide coalition of homeless provider agencies, Help House the Homeless (HHH), to provide coordination of services.

### 3.6 General Plan Review

Between 1990 and 1995, Santa Clara County will carry out a comprehensive General Plan Review (GPR). The GPR will include an assessment of countywide and regional trends since the 1980 Plan was adopted, a review of current Plan policies and implementation measures to assess the extent to which they have succeeded, and an evaluation as to whether alternative policies or implementation measures should be explored.

During the course of the GPR, current housing issues will be considered and existing housing policies evaluated in context with other County General Plan policies. Modifications to the Plan will be made as findings warrant.

### **3.7 Housing Element Update - 1995**

Existing program monitoring procedures do not permit easy disaggregation of that data which applies only to the Study Area. Recent revisions to State Housing Element Guidelines require this ability. Between 1990 and 1995, the Advance Planning Office (APO) of the County's Department of Planning and Development will review its residential development and housing programs monitoring procedures. Where necessary and to the extent resources allow, revisions will be made which will enable staff to identify housing activity of all types, specifically that which occurs in the Study Area.

In addition, techniques for communicating data between agencies of the County charged with implementation of housing-related programs will also be explored. The cumulative effect of this endeavor is to enable the APO to monitor housing trends throughout the county, specifically the Study Area, and evaluate the effects of the various programs on housing conditions and for target households in the unincorporated county.

### **3.8 At-Risk Publicly-Assisted Housing Review**

During the 1989 session of the State legislature, revisions to the Housing Element Guidelines were passed which require cities and counties to perform several tasks toward appraising the full dimensions of the loss of publicly-assisted housing through conversion to market-rate (see Part II, Section 3.9 for full discussion). The revisions require the assessment and inventory of existing assisted housing that is eligible to change to non-low income housing uses between 1990 and 2000 due to termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions.

This assessment was performed by County staff as a part of this housing element update. It was determined that there were no assisted units remaining in the unincorporated county as defined by state law.

**PART II:**

**Housing-Related Characteristics  
and Trends**

**Section One:**

**Unincorporated Area Households**

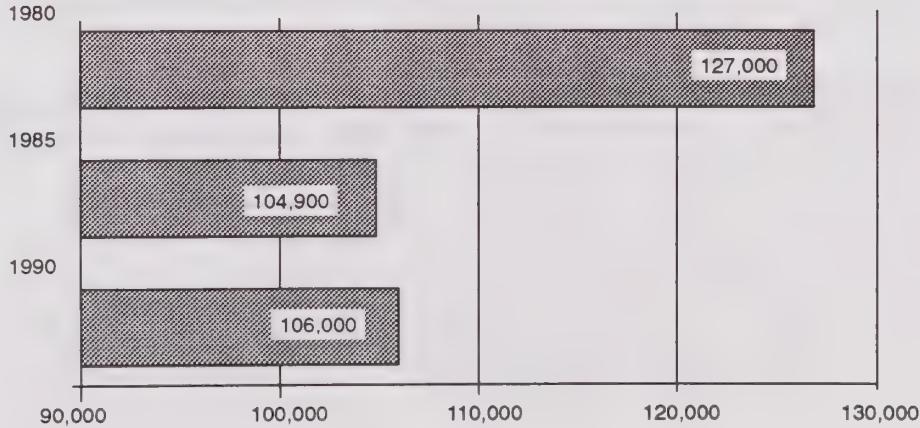
### 1.1 Overview

This section of the Update presents a 1990 profile of households residing in the unincorporated area of the county. Unless otherwise indicated, statistical information presented below is derived largely from extrapolations of 1980 U. S. Census data. In some instances, data more current than the 1980 census is available and is so indicated. The full range of current information on population, household and housing conditions, in general, awaits release of the 1990 census.

### 1.2 Population Trends

According to the 1980 census, there were approximately 127,000 people living in unincorporated Santa Clara County (see Figure II-1.2). The Study Area accounted for approximately 10 percent of the county's 1,295,000 residents in 1980. Despite continued growth countywide, annexations have shifted many people from the unincorporated area to an incorporated city. By 1985, unincorporated area population had declined to about 104,900 residents although the countywide population had reached almost 1,400,000. The 1990 pre-Census counts estimate unincorporated area population at about 106,000 and with 1,498,000 countywide.

**Figure II-1.2: Population Trends  
Unincorporated Santa Clara County; 1980 - 1990**

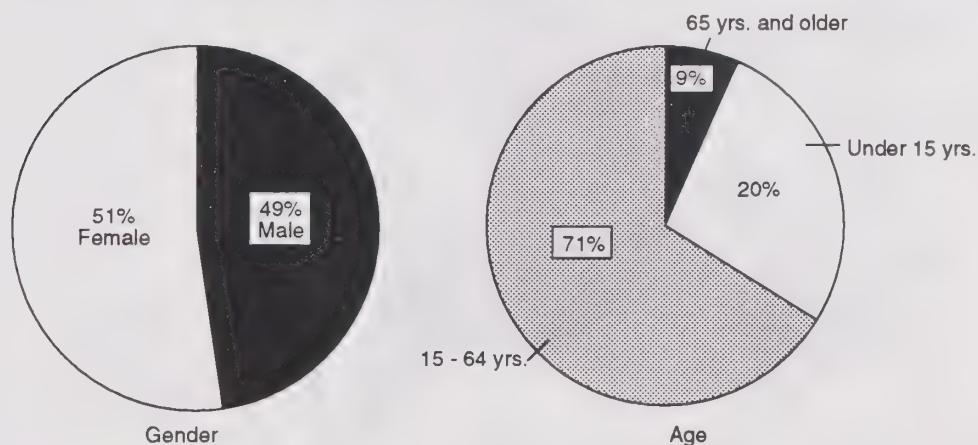


Source: U. S. Census and APO; 1990

### 1.3 Age and Gender Profile

In 1980, the unincorporated area population was estimated to be 51 percent female, 49 percent male (see Figure II-1.3). This compares closely with the overall county population's 50 percent female, 50 percent male split. The median age of Study Area inhabitants was estimated to be 31 in 1980, quite close to the countywide median of 29. Approximately 9 percent of the population was 65 years of age and older; while 20 percent were under the age of 15 years. There is no evidence to suggest that the unincorporated area age and gender profile has significantly varied between 1980 and the present.

**Figure II-1.3: Age and Gender Distribution  
Unincorporated Santa Clara County; 1980**

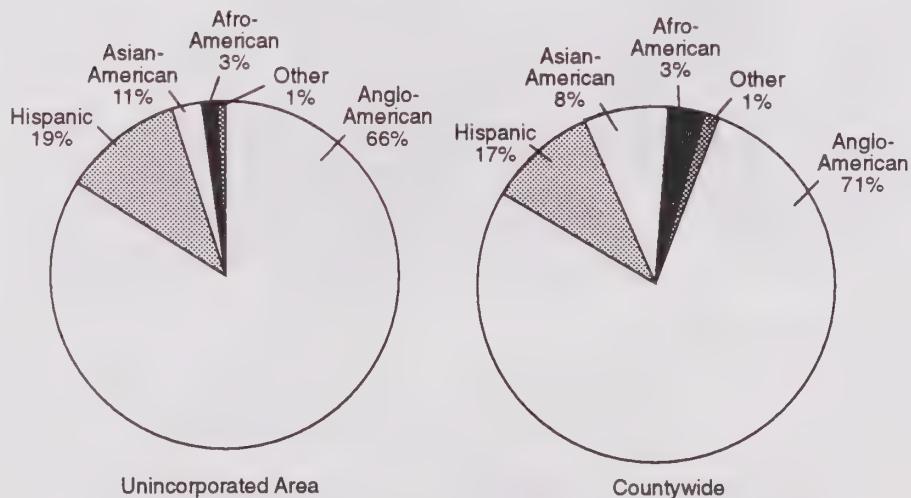


Source: U. S. Census and APO; 1990

## 1.4 Racial Composition

The 1980 estimates indicated that about 66 percent of the unincorporated area population were Anglo-American; 19 percent were Hispanic-American; 11 percent were Asian-American; 3 percent were Afro-American; and one percent were classified as "Other." These figures compare with the overall countywide profile of 71 percent Anglo-American; 17 percent Hispanic; 8 percent Asian-American; 3 percent Afro-American; and approximately one percent "Other." As population in the unincorporated area has remained fairly stable in relation to the incorporated county, it is not perceived that these proportions have altered substantially over the past ten years (see Figure II-1.4).

**Figure II-1.4: Racial Composition  
Unincorporated Santa Clara County; 1980**

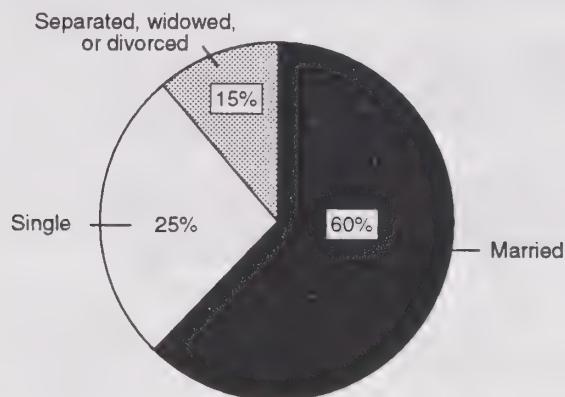


Source: U. S. Census; 1990

## 1.5 Marital Status

Of those Study Area residents who were 15 years of age and older in 1980, 60 percent were married (see Figure II-1.5). This compares to a countywide figure of 55 percent. Another 25 percent of residents were single in 1980, and 15 percent were either separated, widowed or divorced. As with population, the marital profile of unincorporated area residents is not expected to have varied significantly in the past decade.

**Figure II-1.5: Martial Status  
Unincorporated Santa Clara County; 1980**



Source: U. S. Census; 1990

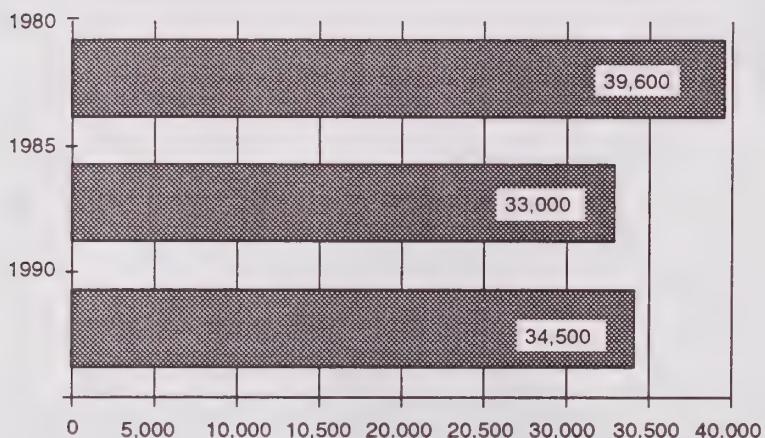
## 1.6 Household Composition

A "household" includes all persons who occupy a group of rooms (or a single room) which constitutes a housing unit. A group of rooms or a single room is regarded as a housing unit when it is occupied as separate living quarters. That is, when the occupants eat separately from other persons in the building and have direct access from outside the building or through a common hall." (Projections 87, ABAG, pp.4; July 1987).

In 1980 there were approximately 39,600 households in unincorporated Santa Clara County (See Figure II-1.6). This accounted for about nine percent of the total households countywide. By 1985 the figure had declined to about 33,000, according to the State Department of Finance. The 1990 count is estimated to be about 34,500.

Of the total number of 1980 households, about 70 percent were "family" households made up of parents and their children. However, only 36 percent, or 14,073, of these family households could be defined as "traditional" nuclear families; that is, households headed by husband/wife couples and including children under the age of 18.

**Figure II-1.6: Household Growth  
Unincorporated Santa Clara County; 1980 - 1990**



Source: U. S. Census,DOF and APO; 1990

Approximately 2 percent of the unincorporated area population was sheltered in group care facilities and institutions; this compares with an equivalent 2 percent of countywide residents who were similarly housed.

In 1980, there were approximately 3 people in the average unincorporated area household compared with a countywide average of 2.7 and a Bay Area average of 2.6. Department of Finance estimates that this figure has declined for both the Study Area and countywide to a 1990 level of 2.9 and 2.7, respectively.

For statistical purposes, the federal government defines an overcrowded household as one in which the number of individuals in the household exceeds one per room. The 1980 census revealed that about 2,500 Study Area households exceeded a ratio of 1.01 occupants to rooms. This represents approximately 6 percent of the total rural households and indicates a slightly higher frequency of overcrowded households than the 5 percent found countywide.

## 1.7 Household Income

Household income is generally defined in terms of "mean" or "median" determinations. The mean income is the average of all household incomes for a given population. The median income identifies the midpoint for all household incomes, with an equal number of households both above and below this figure. The median is often preferred to the mean income because the former more accurately portrays the preponderant household income.

A precise update of Study Area household income will not be available for several months following the 1990 U. S. Census. However, the State Department of Housing and Community Development (HCD), in conjunction with the U. S. Department of Housing and Urban Development, annually establishes an estimated income figure for each county in California (See Figure II-1.7). The table below depicts income categories based on the 1990 estimated median for the entire county, and the distribution of Study Area households based on the 1980 census. The economic and geographic diversity of unincorporated area households suggests that the 1990 median incomes for the Study Area will closely parallel those of the county as a whole, as was the case in 1980. At that time the unincorporated area median was \$24,742, and the countywide median was \$23,369.

**Figure II-1.7: Estimated Household\* Income by Category  
Santa Clara County; 1990**

Category	% of Household's **	Annual Income
Above Moderate	44%	Above \$64,800
Moderate (Median = \$54,000)	21%	Between \$43,200 and \$64,800
Low	15%	Between \$27,000 and \$43,200
Very Low	20%	Below \$27,000

(\*Assumes a four-person household).

(\*\*Study Area households based on 1979 income distribution as reported in the 1980 Census).

Source: HUD, HCD, and APO; 1990

For a variety of purposes, household incomes are distributed into a table of four categories: very low, low, moderate, and above moderate:

- "Very low" income is operationally defined as household income at or below 50 percent of the area's median household income;
- "Low" income is defined as between 51 percent and 80 percent of the median income;

- "Moderate" income is defined as between 81 and 120 percent of the median income; and,
- "Above Moderate" is household income over 120 percent of the median income.

This income table is referenced in the implementation of numerous federal, state, and local housing-related programs.

## 1.8 Households with Special Needs

State guidelines require that an analysis of the unincorporated area population be performed to reveal the number of individuals and families which may have special housing needs. This would include large families, farmworkers, the elderly, female-headed households and the homeless, as well as any other groups the county deems appropriate. It is not the county's intention to focus its housing policies exclusively on special needs households. However, identifying households with unique characteristics facilitates a more effective response to their needs.

The following special needs groups can, generally, be separated into those which need financial assistance and those which need special services and/or housing accommodations seldom provided by the private housing market without public assistance. Some households may need both forms of assistance.

### ■ Financial Assistance:

- **Low Income Households**

According to the 1980 census, low income households in the Study Area included individuals and families of all ages and ethnicities, and many who owned their homes. Despite the generally high levels of income found among unincorporated area households, approximately 35 percent were low income households in 1979. The census also indicated that these low income (including "very low")households were commonly spending more than 40 percent of their income on housing costs. Low income renter households frequently paid in excess of 50 percent of the income for housing costs.

- **Family Households Headed by Women**

An extrapolation of 1980 census data suggests that just over 3,500 (8 percent) Study Area family households were headed by single women in 1980. This figure is estimated to be around 3,100 female-headed households in 1990. All households headed by single-parents are not disadvantaged. However, as often occurs with single-parent families, the one parent must divide his or her

time between career and family demands, and support the family on one income. This circumstance is often further complicated for working mothers by social barriers confronting many women in the workplace; consequently, female-headed households more frequently experience financial hardships. This reality is borne out by the census which revealed that over 30 percent of the Study Area, female-headed households (with children under 18) were living in poverty. This compared to 7 percent in poverty for Study Area families, in general.

- **Households with Seniors**

The profile of unincorporated Santa Clara County residents is similar to that of the countywide population. In 1980 Study Area residents had a median age of 31 years compared with the countywide median of 29. Just over 20 percent of Study Area residents were aged 65 and older. A significant number of seniors live on fixed or limited incomes; in 1979, approximately 8 percent had annual incomes below the poverty line.

There were approximately 7,790 senior households in the Study Area in 1980. Of these, about 6,550 were home owners, with the remainder being renter households.

- **Homeless Households**

Because of their often involuntary mobility, estimating the exact number of homeless individuals and families is an extremely difficult exercise. Ironically, without a permanent address, many homeless people are not eligible for formal public assistance. The 1990 Census is the first to attempt to count homeless individuals. However, data from the census will not be available for several years. Consequently, current estimates must be drawn from various social service agencies providing assistance to the homeless.

A 1989 study prepared by the Homeless Overview Study Task Force for Santa Clara County estimated the average daily number of homeless in the county during the summer months at about 1,900 people. (Annual estimates from homeless advocacy groups range from a low of 13,000 to a high of 20,000, numbers consistent with federal estimates for the county). The daily and annual figures are quite different because the large part of the homeless population are generally without shelter for short periods of time and highly mobile; in addition, the size of the homeless population is seasonal. What portion of this homeless population will consistently be found in the unincorporated area has not been determined. (For more detailed information, see Part I, Section Three, Sub-section 3.5 of this Update.)

## ■ Appropriate Housing

- **Senior Households**

The special needs of senior households need not be viewed as strictly financial in nature. As a population sub-group, research has shown that seniors are the least financially needy of any income category. However, meeting their housing, as well as social needs, can be complicated and expensive for seniors, regardless of income. For many seniors, the physical and financial burdens presented by the typical single family home are great. In addition, the large lot parcels and remote location of rural, unincorporated area home sites can isolate those who no longer drive from the services and social contacts they need.

- **Overcrowded and Large Family Households**

An overcrowded household is one in which there is more than one person per room in the primary living structure (a "room" is usually defined as any room in the structure, except for a kitchen or bathroom). The 1980 U.S. Census revealed that approximately 2,500 Study Area households were occupying units with less than one room for each member. These overcrowded units represented about 6 percent of the occupied housing stock in the Study Area.

While it is true that most overcrowding occurs for financial reasons, often it can occur because a family cannot find affordable housing large enough to accommodate its needs. This is especially true for large families. The 1980 Census indicated a countywide median family household size of 3 persons. Approximately 25 percent of all family households countywide contained more than 3 persons.

The Census did not specifically identify large, unincorporated area families. However, it is possible to extrapolate by applying the countywide large family percentage to the number of unincorporated family households. Doing so would indicate that there were about 6,930 large families residing in the unincorporated area. The tendency for unincorporated area households to include both more large households and more family households than the countywide median suggests that this figure is a conservative estimate.

Similarly, 60 percent of large family households countywide owned the housing they lived in. If this percentage were applied to large families living in the unincorporated area it would present a tenure profile of large families as follows: 4,158 owned and 2,772 rented.

- **Households with Disabled Persons**

Studies by organizations representing the disabled indicate that affordable and accessible housing is a significant special need; 25 percent of those who approach the Adult Independent Development Center for assistance are seeking shelter. Housing with convenient access to services and with special, flexibly designed features to mitigate individual disabilities is in chronically short supply.

The Center estimates there are approximately 40,000 residents countywide (representing about 14,000 households) with physical and emotional handicaps effecting employment and mobility. Straightline extrapolation would suggest an unincorporated area a disabled population of about 3,200 individuals. Such handicaps may originate through injury, illness or congenital conditions.

Another special housing need is on the increase. The population of Persons With AIDS (PWA's) is currently estimated at about 200 countywide. This number is expected to rise to 300 by the end of 1990. PWA support groups estimate that at least 20% of those individuals who develop full-blown AIDS conditions are at serious risk of becoming homeless.

- **Farmworker Households**

Traditionally, the resident population of rural, southern Santa Clara County experienced pronounced seasonal fluctuations. With the arrival of Spring, large numbers of migratory farmworkers and their families arrived to work in the fields surrounding San Martin, Gilroy, and Morgan Hill. Although a precise unincorporated area count won't be available until the mid-1990's, State HCD estimates indicate that during peak Summer months, farmworker population, both migrant and permanent, is approximately 6,000 to 6,500.

Most farmworkers and their families, both migrant and resident alike, occupy the least expensive rental housing they can find. A few are housed in facilities provided by their employers. In the past, a significant number, particularly the single men, have created crude tent camps in secluded areas. The rapid urbanization occurring in the South County area has led to a loss in housing at the low-end of the rental price range and an escalation of rents on remaining units. This comes at a time when new immigration laws are also putting pressure on rural housing. A 1988 report from the State Department of Housing and Community Development indicates that because of stricter requirements on migrant workers, an increasing number of migrants from Mexico are choosing to stay in California year round.

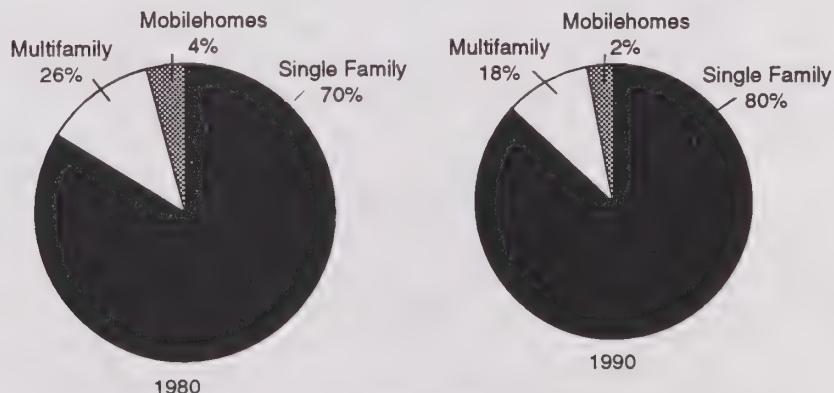
**Section Two:****Unincorporated Area Housing Stock****2.1 Overview**

The section below presents a profile of the housing stock conditions throughout the unincorporated area, and includes a discussion of several characteristics requested by the State. The number, type, tenure, vacancy status, and the physical condition of the Study Area housing stock are presented, as well. Finally, an overview of recent development trends and current housing costs in relation to local income levels is also included.

**2.2 Characteristics of the Housing Stock**

The 1980 Census counted approximately 39,620 housing units in the unincorporated county. Of these, 27,720 were single family detached and attached units, 10,200 were multifamily units, and 1,700 were mobile homes (see Figure II-2.2). Construction of new homes has occurred throughout the unincorporated area, at varying rates, over the past ten years. For a variety of reasons, new construction has emphasized single family detached houses. Most unincorporated area construction has occurred in the unincorporated East Foothills area, the ranchlands of the Diablo Range, and around the communities of Morgan Hill, San Martin, and Gilroy in South County. These are considered "rural" in character with large minimum lot sizes. In addition, these are areas of the county which are without urban services and likely to remain so for quite some time. Conversely, unincorporated parcels within the urban

**Figure II-2.2: Characteristics of Unincorporated Santa Clara County Housing Stock; 1980 - 1990**



(Source: U.S. Census, Dept. of Finance, and APO; 1990)

area which do have access to urban services have been developed. But not before being annexed into an adjoining city just as the County's General Plan policies direct.

These development patterns and the ongoing process of annexation of developed, unincorporated land, primarily in the urbanized North County area, have resulted in a net reduction of unincorporated area housing units. The Department of Finance estimates that, in 1990, the Study Area housing unit count stood at about 33,500 units. The distribution of units is approximated to be 27,300 single family houses, 5,900 multifamily units, and 275 mobile homes. The reductions were almost entirely restricted to multifamily units in the unincorporated pockets and mobile homes in mobile home parks.

### 2.3 Occupancy Status and Condition

The 1980 Census indicated that approximately 66 percent of the units were owner-occupied, compared with 60 percent countywide. Thirty percent were renter-occupied and the remaining four percent were vacant at the time. Although a sizeable percentage of unincorporated area housing was constructed prior to 1950, appreciating housing values have encouraged widespread home restoration and modernization (see Figure II-2.3). Older housing, particularly smaller houses, often provide entry-level housing opportunities to first time home buyers. Consequently, maintaining dwelling unit habitability is crucial to ensuring a diversified housing stock.

A comprehensive assessment of current unit conditions awaits release of the 1990 Census data. (The 1980 Census identified 370 units in the Study Area which lacked complete plumbing equipment and 170 units which had no heating source.) However, estimates by County rehabilitation program administrators based on field and windshield surveys and applications for rehabilitation assistance suggest that between 2 (single family) and 4 (multifamily) percent of Study Area housing is in need of some degree of maintenance. This can range from simple exterior paint to major foundation repair. These units are concentrated in unincorporated areas of older construction and largely populated with moderate and low income households.

**Figure II-2.3: Construction History of Housing Stock in Unincorporated Santa Clara County**

Year Built	Number Built	% of Total
Pre - 1939	5,025	13%
1940 - 1949	6,094	15%
1950 - 1959	14,546	37%
1960 - 1969	6,770	17%
1970 - 1979	7,185	18%

(Source: 1980 U.S. Census and APO; 1990)

## 2.4 Vacancy Rates

The vacancy rate for a community is determined by calculating the percentage of habitable units which are currently unoccupied. Maintaining a housing supply that provides a marginal number of housing units in excess of actual demand is crucial to ensuring mobility in the local housing market. The smaller that margin becomes, the stronger inflationary pressures grow on housing costs. Most housing analysts consider any vacancy rate below 3 percent to be less than optimal.

The 1980 Census identified four percent of the Study Area housing stock as being vacant but habitable rental and for sale units. This four percent vacancy rate compared to an incorporated area rate of three percent. Department of Finance estimates a 1990 Study Area vacancy rate of 2.9 percent compared with 2.7 percent in the incorporated areas.

## 2.5 Housing Costs Relative to Income Levels

In 1980, the U.S. Department of Housing and Urban Development (HUD) determined that the expenditure of 25 percent of a household's annual income for housing costs was a standard indicator of affordability. (This figure has since been increased to 30 percent of income.) The Census revealed that over a third of all rural area households were paying in excess of 25 percent of their income for housing costs (see Figure II-2.5). The proportion of households and the rate at which they overpaid varied dramatically with income level.

**Figure II-2.5: Overpayment in Unincorporated Santa Clara County**

Hh**Income Category	Renter Hh's	Owner Hh's
Above Moderate	4%	15%
Moderate	36%	30%
Low	76%	47%
Study Area Average	37%	31%
Countywide Average	39%	20%

\*Assumes overpayment threshold of 30 percent of household income

\*\*Hh = Household

(Source: 1980 U.S. Census and APO; 1990)

The median Study Area rent level in 1980 was about \$284 per month, slightly lower than the \$308 for the county as a whole. Countywide surveys done in September of 1989 indicated the average advertised rent on two-bedroom apartments throughout the county was \$765, ranging from a low of \$684 in San Jose to a high of \$889 in Palo Alto. (Rents within normal commute patterns are seldom dramatically different on comparable unit types). Low-end rents throughout the county, those in the lower ten percentile of the price range, are running between \$600 and \$625 per month.

The 1980 Census revealed a median valuation of \$117,400 for owner-occupied housing in the Study Area. This compares with a \$107,700 median for the county as a whole. While a clear assessment of the 1990 medians for the two areas must wait for the 1990 Census data, surveys performed in April of 1990 indicate a countywide median of about \$235,000 compared to a Bay Area median of \$261,908.

The figures above also indicate that, although income levels in the rural county have risen by just over 15 percent since 1980, median home prices have risen 97 percent. In any area, there is some portion of homes being sold at below average rates. Assuming a household could locate a home priced in the Study Area at the median countywide level of \$235,000, their monthly mortgage payments would run about \$1,720 per month. So as not to exceed 30% of their monthly income for housing, they would need an annual income of more than \$62,000\*

(\*Assumes \$235,000 less a 20% down payment (\$47,000); \$188,000 loan, 30-year fixed mortgage at 10.5% interest indicates monthly payments of approximately \$1,720 on the principal alone, excluding typical home owner expenses such as property taxes, insurance, and fees of any kind).

**Section Three: Unincorporated Area  
Housing Needs Projections**

### **3.1 Overview**

California State Government Code, Section 65584 (a), directs the State Department of Housing and Community Development (HCD) in conjunction with the Department of Finance to "determine the regional share of the statewide housing need" for each region of the state. These calculations are then forwarded to the councils of government in each region of the state. The projections below are derived from the most current assessment of future housing needs in the region available at this time, ABAG's 1989 Housing Needs Determinations Report and its companion report, Projections 87. (It should be noted that although Projections 90, an update of regional population and employment forecasts, has been released, a revised housing needs report is still being developed and was unavailable for this Update.)

Once it receives HCD's regional growth forecasts, the Association of Bay Area Governments, the Bay Area's regional council of governments, determines the existing and projected housing need for each jurisdiction in the region. This section includes a description of population and employment trends from Projections 87, and the resulting housing need based on ABAG calculations.

### **3.2 The Association of Bay Area Governments**

The Association of Bay area Governments (ABAG) is the regional council of governments for the San Francisco Bay Region. It is an association of nine counties and ninety-four cities, including the County of Santa Clara. Since 1961, ABAG has served as a neutral forum for Bay Area elected officials, business and community leaders, special interest groups and individual citizens to work in concert toward identifying and resolving regional problems. It is one of nearly 30 such agencies in California.

The Center of Analysis and Information Services is the demographic and economic research division within ABAG. Periodically this unit publishes the Projections Series which includes the state-generated forecasts for regional population and employment growth, and the resulting demand for housing in the region. The forecasts are structured in five-year increments and calculated for each county and municipality.

### 3.3 ABAG Forecasting Methodology

The first subregional housing need allocations for the Bay Area were done by ABAG in 1981 and have since been updated on several occasions. In creating its computer model and generating its forecasts, ABAG is required by state law to consider six factors:

- **Market demand for housing**

Several critical measures of market demand effecting the production of housing, including housing value trends, household growth and income/affordability levels;

- **Employment opportunities**

Economic development trends, which include policies of the local jurisdictions and their perceived effect on the timing, location and amount of economic growth;

- **Availability of suitable sites and public facilities**

An assessment of the vacant land and infrastructure requirements of the projected housing need; ABAG must also consider alternative land use scenario which would result in higher rates of housing development in relation to job development than local plans and policies might currently permit;

- **Regional and Subregional Commuting Patterns**

A computer modeling process measuring transportation systems accessibility, modal split, commuter mode choice factors and transportation-influenced residential/employment locational decisions made by commuters;

- **Tenure and type of housing**

An analysis of the distribution of projected housing need by type and tenure, and the anticipated change in the distribution, to determine how housing need by income category might be met;

- **Housing needs of farmworkers**

Assessment of the need of migratory farmworkers for housing.

The ABAG projections are supported by a battery of regional and subregional economic and demographic data. The adopted land use and development policies, plans and regulations for the region's cities and counties are also considered. National economic growth and the overall competitiveness of the Bay Area economy are factors as well. Ultimately, all assumptions and projections undergo considerable review and evaluation by the local jurisdictions.

In spite of a painstakingly comprehensive approach, the projections remain the best guess of an imprecise science. Accordingly, ABAG advises that its figures have limitations which policymakers are well advised to consider. The projections represent neither “a floor nor a ceiling on growth.” For a metropolitan area as diverse as the Bay Area, the projections are estimates of development potential which may be impacted by an array of local, regional, state, national and international variables.

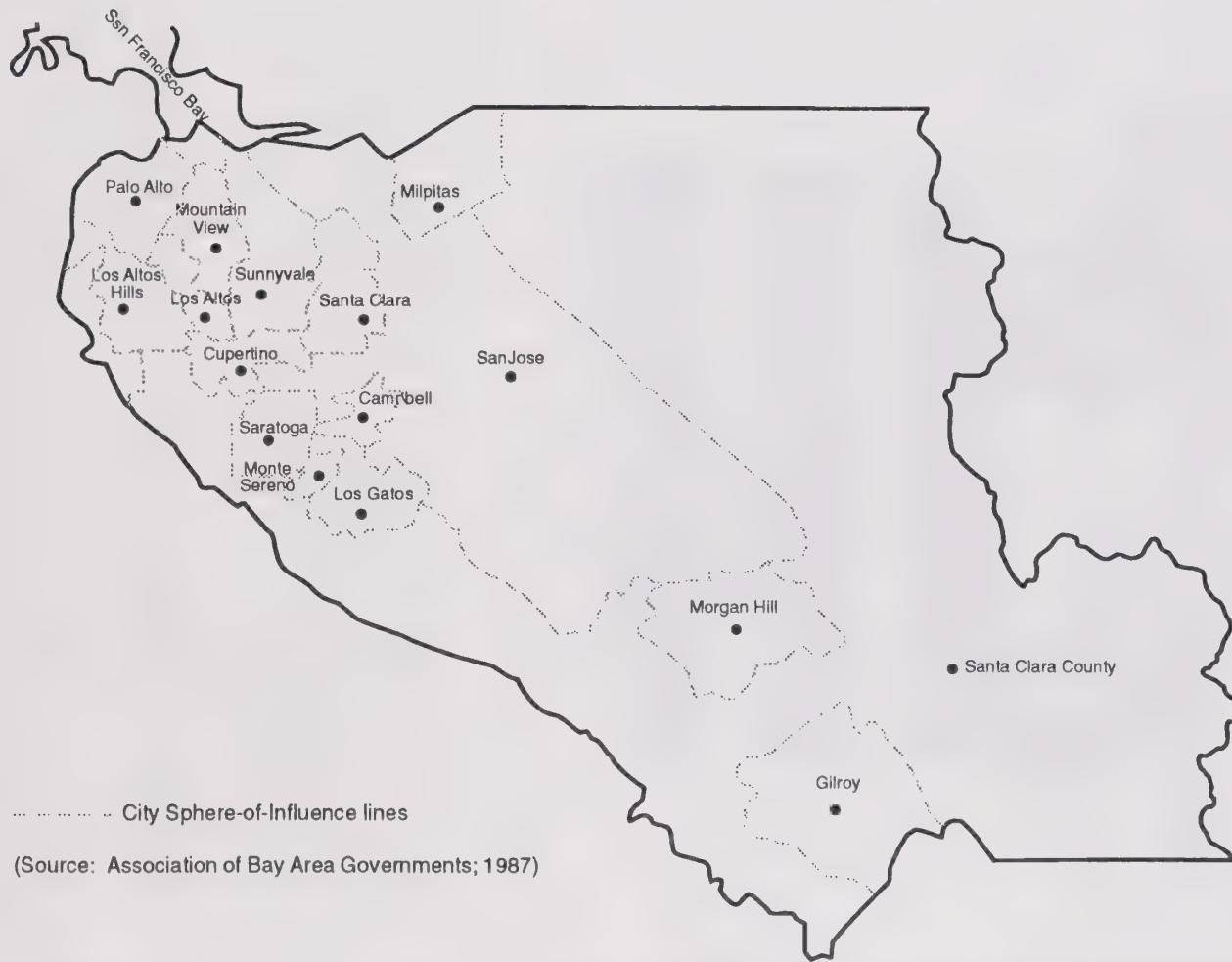
For this reason, policymakers are advised to consider local policies and current conditions carefully. Prior to publishing its projections, ABAG involves its member jurisdictions in a detailed review of the figures. Local government representatives are given an opportunity to question ABAG assumptions, methodologies and findings, and if necessary, argue for specific revisions. If the appropriateness of the revisions can be substantiated, ABAG can modify its projections.

### 3.4 The Santa Clara County Subregional Study Area

For the purposes of allocating the region’s projected housing need, Santa Clara County has been divided by ABAG into subregional areas which conform to the spheres of influence boundaries of the fifteen incorporated cities’ as adopted by the Local Agency Formation Commission (LAFCO) in 1983, 1984, and 1985. According to ABAG, the unincorporated community of San Martin and all other rural areas outside the cities spheres of influence lines constitute the primary planning area for the County of Santa Clara. (See Part I, Section One, Subsection 1.4 for further discussion.)

The ABAG-defined area excludes the unincorporated urban pockets and undeveloped land within the sphere of influence lines from the County’s “domain” for several reasons. First, these are areas which County and city land use policies (not to mention state planning guidelines) identify as appropriate for annexation within the cities. Secondly, these are areas most likely to be annexed by the cities as their land use needs dictate. All projected population, employment and housing growth which might be anticipated to occur in unincorporated areas within sphere of influence lines has been apportioned by ABAG to the cities adjoining those areas. The projections discussed below apply only to the **rural, unincorporated county outside the sphere of influence boundaries**.

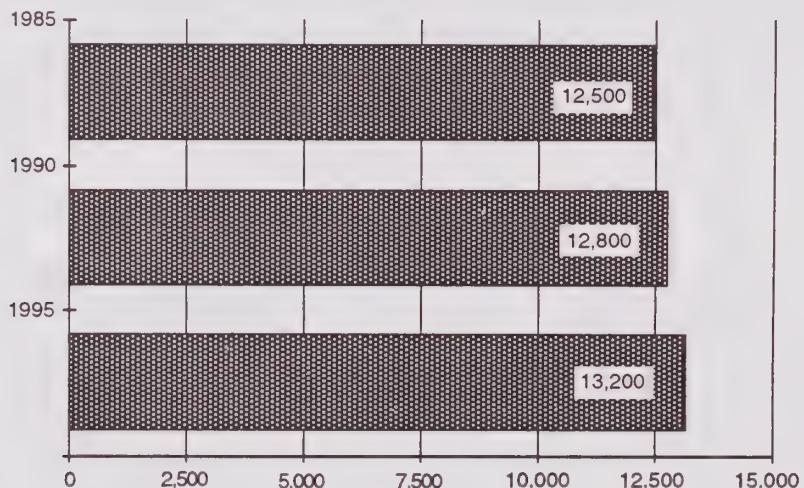
Figure II-3.4: ABAG Defined Santa Clara County Subregional Study Areas; 1987



### 3.5 Population Trends

ABAG projects the Study Area's 1990 population to be approximately 12,800 residents, indicating the addition of 300 new residents since 1985. This represents an increase of about 2 percent for the five-year period 1985-90. While growth in the Study Area will be far less than that forecast countywide, the ABAG projections indicate that population growth in the rural areas will gradually accelerate throughout the period 1990 to 2000 (See Figure II-3.5).

**Figure II-3.5: Projected Population Growth in Rural Unincorporated Santa Clara County; 1985 - 1995**



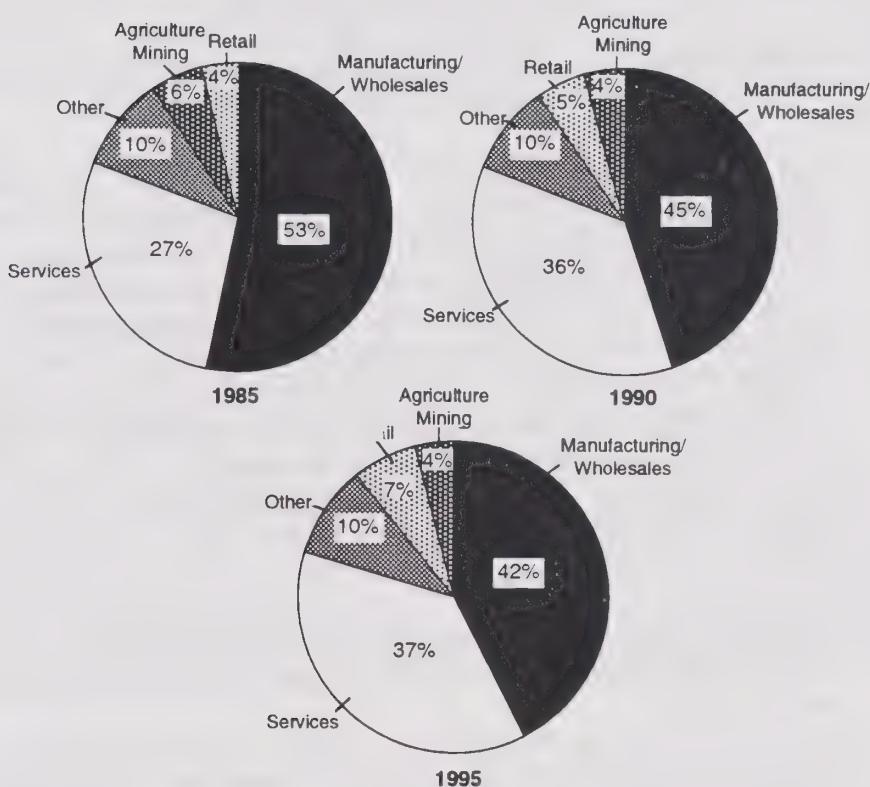
(Source: 1980 U.S. Census and APO; 1990)

The current estimated average household size for the Study Area 2.95 persons. This represents a slight decline in household size since 1985 of .05 persons, reflecting regional and national trends. This figure is projected to continue declining in the Study Area, but at a slower rate.

### 3.6 Employment Trends

Projected employment growth for the region, the county and the Study Area are shown below (See Figure II-3.6). Regional employment is expected to continue the expansion which began during the mid-80's, but at a less dramatic level than has occurred during the decade. In spite of the mid-80's downturn in the electronics industry, Santa Clara County's economy grew to become the region's largest employment center. With an estimated 880,000 jobs in 1990, the county holds over 30 percent of the region's employment base. It is projected that countywide employment will increase by 98,800 more jobs by 1995.

**Figure II-3.6: Percent and Projected Employment Trends in Rural, Unincorporated Santa Clara County; 1985 - 1990 - 1995**



(Source: ABAG and APO; 1990)

Despite the frenzied pace of economic development, in general, activity has been focused within the cities rather than in the rural areas of Santa Clara County. This is in keeping with the growth and development policies established by the the cities, the county, and the Local Agency Formation Commission. At mid-decade there were approximately 3600 jobs in the rural, unincorporated areas representing less than one half of one percent of total county employment.

The projections indicate a net loss of 170 jobs in the rural area over the next five year period; the gain of 40 jobs in the retail sector is over shadowed by the loss of 130 jobs in the other four. The most substantial decline (710 jobs) is in manufacturing/wholesale sector, followed closely by the agricultural/mining sector (110 jobs).

### 3.7 Forecast Housing Needs

The ABAG Housing Needs Determinations Report, released in September 1988, forecast the 1990-95 regional housing needs for the entire Bay Area. The forecast consists of three primary components:

- 1) "Existing need," as expressed by the number of housing units needed to achieve the optimal vacancy rate on January 1, 1988.

In developing its projections of housing need, ABAG first calculates existing need (See Figure II-3.7). Existing need is a crucial affordability determinant. ABAG estimated that in unincorporated Santa Clara County there was an existing housing shortfall of approximately 250 units in 1987. Put another way, had the County's unincorporated area housing supply grown over the years between 1980 and 1988 by an additional 250 units, a number sufficient to sustain what ABAG terms the "optimal vacancy rate," rural area households would have had a wider array of housing options to choose from, presumably at costs more closely paralleling household incomes. This shortfall exacerbates both local and regional housing demand.

- 2) "Projected need," as the number of housing units needed to accommodate projected household growth between 1988 and 1995 at the optimal vacancy rate;

ABAG further determined that, between 1988 and 1995, household growth areas would create a projected need for 295 additional housing units. This would indicate an existing and projected housing need for the period 1988 - 1995 of 545 more units.

- 3) "Additional housing to be derived from alternative zoning scenario," a target regional measure for the number of housing units needed as being the number of units necessary to house up to 50 percent of the workers who must currently commute from the jurisdictions where they live to jurisdictions where they work.

The state legislature has directed ABAG to consider land uses alternatives to those that currently exist if it is evident that local policies call for job development without sufficient housing development. The alternatives must result in increased housing opportunities in proximity to anticipated employment. While this can be a substantial figure in many jobs rich/housing poor communities, it is zero in the unincorporated area.

Having considered these three components, ABAG identified projected housing needs for the 1988-1995 period in unincorporated Santa Clara County (see Figure II-3.7).

**Figure II-3.7: ABAG Estimate of Existing and Projected Housing Need for Rural, Unincorporated Santa Clara County; 1987 - 1995**

Existing 1987	Projected 1988-90	Projected* 1990-95	Total
250	64	231	545

\*No "Alternative Zoning" units projected for Santa Clara County

(Source: ABAG and APO; 1990)

### 3.8 Housing Need by Income Group

When the state legislature adopted statutes relating to housing elements, the intent was to "...assure that counties and cities recognize their responsibilities in contributing to the attainment of the state housing goal." So as to enable local governments to more accurately assess housing need for all income groups, ABAG has projected housing need based on household income distributions derived from the 1980 census.

Income distribution figures are determined by averaging unincorporated Arearea household income figures with those of Santa Clara County, in general, so as to more accurately characterize regional housing demand. As determined by ABAG, the Study Areas projected housing need by income group is depicted below (See Figure II-3.8a).

**Figure II-3.8a: New Construction Needs by Income Category  
Unincorporated Santa Clara County; 1988 - 1995**

Income Category		Units Annually	Total Units
Above Moderate	(44%)	48	240
Moderate	(21%)	23	114
Low	(15%)	16	82
Very Low	(20%)	22	109
Total	(100%)	109	545

(Source: ABAG and APO; 1990)

Since these projections were released, housing development in the unincorporated area has continued. During 1988 and 1989, 443 single family dwellings, 29 multifamily units, and 20 secondary dwellings units have been permitted. All units were constructed in unincorporated areas. All single family units were sold at market-rate. The 29 multifamily units were built as an adjunct of the County's public health hospital, Valley Medical Center (VMC). They are apartments rented at below market-rate to very low income elderly who need special housing due to Alzheimer's Disease.

The 20 secondary dwellings were intended to be rental units. A survey of advertised rent levels for similar attached units or "cottage" units indicated prices countywide ranging from \$450 to \$675 per month, depending upon location and amenities. Given space constraints, it was assumed that these units would be occupied by individuals rather than couples or families. It was further assumed that, with the range of rents indicated above, half of these low-cost units would be affordable to very low income tenants and half to low income tenants (e.g., based on HUD rent-to-income guidelines, units costing less than \$525 would be affordable to very low income adults, and units costing up to \$695 would be affordable to low income adults).

Having established the type, number and cost of units added to the housing stock since 1987, projected housing need for the 1988 to 1995 period by income category was adjusted (see Figure II-3.8b).

**Figure II-3.8b: Adjusted 1988-1995 New Construction  
Needs by Income Category  
Unincorporated Santa Clara County**

Income Category	Projected Need	Constructed 1988-1989	Adjusted Need
Above Moderate	240	—	443 = 0
Moderate	114	—	0 = 114
Low	82	—	10 = 72
Very Low	109	—	39 = 70
Total	545		256

(Source: ABAG and APO; 1990)

### 3.9 Publicly-Assisted Housing Stock

The pending expiration of contracts affecting publicly-assisted housing in all parts of the county, suggest a reduction in housing opportunities for low and moderate income households in the Study Area, as well as the remainder of the county. Since the 1960's, the federal government has assisted low-income households in acquiring affordable housing by offering low-interest loans, construction financing "write downs," and rent subsidies through five programs administered by federal Department of Housing and Urban Development (HUD) and one by the Farmer's Home Administration (FmHA). Participating builders/owners agreed to contracted, low-income use restrictions often lasting up to 40-years. To attract participants, HUD and FmHA offered housing builders/owners the option to terminate their contracts, or "opt out," through prepayment of loans prior to loan maturity dates.

These government insured loan and write-down programs were widely popular throughout the 1960's and 1970's, and produced a substantial portion of the housing stock which is currently affordable to low income households. In the next decade, the owners of a substantial number of these assisted units will have the option of opting out of their contracts. Many already have done so. As they do, the units will likely be converted to market-rate units. In many cases the low-income tenants in residence be displaced and the inventory of low income affordable housing diminished. The national impact amounts to a potential loss to low income households of almost one million affordable units.

In March of 1989 a report, Inventory of Federally Subsidized Low-Income Rental Units at Risk of Conversion, was released by the California Housing Partnership Corporation. The report, conducted under the auspices of the California Coalition of Rural Housing Project, concluded that the pending expiration of the contracts established under several federal housing assistance programs threatens to dislocate approximately 90,000 low income tenants in the Bay Area (including seniors and disabled individuals). These households are tenants in the 30,000 subsidized housing units in the region which could become wholly market-rate in the near future; many have already lost a portion of their assistance, increasing rents commensurately.

In 1987 Congress approved the Housing and Community Development Act which established a two-year moratorium on conversion of Section 236 and Section 221(d)(3) projects. Unless further steps are taken to ensure preservation or replacement of these units, the termination of contracts will resume in late 1990. The ABAG housing need projections do not account for the situation described above. There are approximately 7,000 units across Santa Clara County which could be effected between 1990 and 1995. While they may not represent a significant part of the county's overall housing stock, they are a substantial part of an already inadequate low income housing stock. In addition, this loss would occur in conjunction with a much larger loss occurring throughout the region over a comparatively short time span.

## Section Four:

## Unincorporated Area Housing Development Potential

### 4.1 Overview

State guidelines require the Housing Element to include a description of the factors which affect, or may affect, the ability of the County to meet projected housing needs. The characteristics of the local and regional housing market, the anticipated pace of development, and the availability of land and services suitable for residential use are three such factors discussed below.

### 4.2 Regional Housing Market Conditions

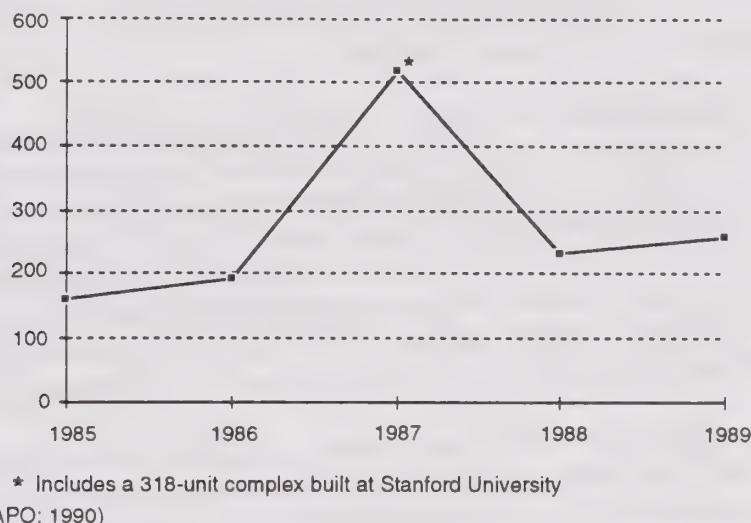
Despite high housing production levels throughout Santa Clara County, the housing supply in both rural and urban unincorporated areas has been quickly absorbed by both local and regional demand. This regional condition is exacerbated by the fact that many cities within the county are not permitting sufficient amounts of housing development to satisfy the needs of workers drawn to the area by the economic growth occurring in those communities.

Recent development trends in the region indicate that this jobs/housing imbalance may worsen in the short-term. While the number of households in the region continues to increase, overall housing production, both single family and multifamily, has declined. This is occurring at a time when overall 1990 vacancy rates in the Bay Area have dropped to 3.9 percent; the vacancy rate for Santa Clara County is estimated to be about 2.7 percent. Among housing analysts, 3 percent is perceived to be a critical level for most markets.

### 4.3 Santa Clara County Housing Development Trends

Housing development trends for unincorporated Santa Clara County generally reflect those occurring countywide. Total housing starts reached 1,374 for the five year period, 1985 through 1989. Single family housing starts averaged 188 units annually, reaching a high of 223 units in 1988. Multifamily starts have averaged 75 units annually, excluding secondary add-on units (see Figure II-4.3 below).

**Figure II-4.3: Housing Unit Development Trends  
Unincorporated Santa Clara County; 1985 - 1989**



The development trends of the past five years suggest an overall average housing production level of about 275 units annually. However, it would be incorrect to assume that this will continue to be the case for several reasons. First, the numbers cited in Figure II-4.3 include a 318-unit apartment complex built on the grounds of Stanford University. While this complex enabled over two hundred graduate student households to relocate from housing in the community to below market rate units on campus, it is unlikely that a multifamily project of this scale will occur again in the unincorporated area during the next five years. Second, the regional and national economy is undeniably in a recession. How long and how severe it will ultimately become is unknown. It is clear, however, that it has already had a profound influence on housing development in the unincorporated area as evidenced by the drop in building permit applications. Finally, prior to the beginning of this current recession, the housing market in Santa Clara County was in an extraordinary state where the substantial majority of households could not afford the median priced home. Additionally, housing production was skewed toward the narrow range of upper income households who were in a position to "trade up." When the national uncertainties of rapidly changing demographics and the health of our banking system are included, a very different housing market is suggested for the next five years compared with the past.

Analysis of the adjusted projected housing need indicates that the majority of new units need to be affordable to moderate, low, and very low income households. Given the amount of developable residential land available, the low income housing funds created by the voters in the recent past, and the determination expressed by local, elected officials to work toward addressing

the needs of moderate and low income households, it would appear that meeting the 1988-1995 projected housing needs is quite achievable.

#### 4.4 Residential Development Potential

The County's General Plan must define residential construction opportunities in extremely diverse settings, from remote farms and ranches to high density urban neighborhoods. Generally, residential construction is permitted in all unincorporated areas of Santa Clara County. However, there are environmental, geologic, and other land use constraints which effect development potential, in addition to social and economic long-range planning objectives that guide land use decision making. Those areas with the fewest constraints usually have land use designations which permit more intense development.

Within urbanized areas, that is land within city urban service areas, the County has established residential land use designations for unincorporated parcels which compliment the land use objectives of the surrounding city. Generally, residential development potential on unincorporated parcels is in conformance with the cities' General Plan designations or can be brought into conformance with minimal effort. The County also works with the cities through development agreements which encourage the annexation of unincorporated "infill" parcels and ensure that development is compatible with the adjoining incorporated area.

Outside urbanized communities and beyond the urban service areas, the County continues to support mutually agreed upon residential land use objectives with the cities although quite different in direction. To minimize public health and safety risks, sustain environmental integrity, and minimize the public costs of premature urban development, the County maintains development standards which permit only very low density housing for those engaged in farming, ranching, or related pursuits. It is County policy that the rural areas not provide high density housing.

The County is currently in the process of developing a geographic information system which will depict not only unincorporated area land use designations, but existing uses as well. However, it will be some time before this project is completed. To serve the needs of the Housing Element Update, a survey of vacant or under-utilized unincorporated residential parcels (which are likely to be developed within the required five-year time frame) has been completed. The survey identified a sufficient number of developable parcels to meet the five-year ABAG projected housing needs of all types and income levels (see Figure II-4.4).

**Figure II-4.4: Housing Development Potential of Selected Areas<sup>1</sup>**  
**Unincorporated Santa Clara County; 1990 - 1995**

Permitted Housing Type	Number of Acres	Availability of Services	Density Range	Estimated Minimum Unit Capacity
Single Family, incl. Program (see Note 2 below)	12,775	Basic services, except sewers	Generally, 1 unit	505 units
Multifamily	55	All services are accessible	12 - 25 units	650 units
(Source: APO; 1990)				
Mobile Homes (see Note 3 below)	None			
Emergency Shelters (see Note 4 below)	None			
Currently Non-Residential (see Note 5 below)	None			
Other	None			
Total	12,830			1,155 units

Notes:

1. This does not purport to be a comprehensive assessment of unincorporated area development potential; it identifies the potential in several selected areas (i.e., vacant and substantially under developed sites in San Martin and the urban unincorporated area) sufficient to meet ABAG-defined housing needs between 1988 and 1995 only.
2. Manufactured housing is allowed in all single family zones without additional permitting procedures.
3. No new mobile home parks are assumed within the time frame of this Update.
4. With a use permit, emergency shelters are a permitted use in any non-single family zone.
5. Land use survey currently in progress.

#### 4.5 Affordable Housing Component

Projected housing needs indicate a demand for 545 new housing units in the unincorporated area of Santa Clara County by 1995. When adjusted for already-completed construction, there is a remaining need for 256 units. By income category: 114 moderate, 72 low, and 70 very low income units.

Comparisons between income affordability levels and rents and sales prices indicate that the unassisted-housing market will continue to meet the needs of most moderate and all above moderate income unincorporated area households. However, it would appear unlikely that the housing affordable to most Very Low, Low, and some Moderate income households will occur without some form of assistance.

Consequently, the County has focused its housing programs and resources toward meeting the needs of Very Low, Low, and Moderate income households. Figure II-4.5 provides a description of the units which can be anticipated through current new construction and housing rehabilitation programs during the 1990-1995 time frame and the households, by income group, likely to benefit from those efforts.

**Figure II-4.5: Affordable Housing Objectives  
Unincorporated Santa Clara County; 1990 - 1995**

Programs:	Household Income Category (Very Low)	(Low)	(Moderate)	Total Units
<i>New Construction:</i>				
Farm worker Family Housing	30	20	25	75
Farm Worker Housing	30	20	—	50
Second Units	—	10	40	50
<i>Rehabilitation:</i>				
Rental Rehab (units suitable for rehab=828)	15	15	10	40
Section 312 Loan Program (ownership) (units suitable for rehab = 502	—	25	20	45

Source: APO; 1990

## **PART III: Santa Clara County Housing Programs**

### **Section One: Achievements of the 1984 Housing Element Amendment Programs**

#### **1.1 Overview**

The section below describes the programs which were included in the 1984 Housing Element Update and summarizes progress made towards implementation of those programs. Precise evaluation of program accomplishments is complicated by two factors. First, the County administers a variety of housing-related programs through several of its departments affecting all areas of the county, both urban and rural, incorporated and unincorporated. The program monitoring procedures mandated by the County's federal and state funding sources seldom differentiate between incorporated cities and unincorporated county. Second, the County administers some programs, such as the Community Development Block Grant (CDBG) Program, cooperatively with several smaller non-entitlement cities. Again, data collected on the projects seldom specifies whether the site is unincorporated or incorporated.

It must also be acknowledged that the reduction or complete discontinuance of many state and federal housing assistance programs, beginning in the early 1980s and continuing through 1990, have had a profound effect on the ability of the County to implement or maintain many of its housing-related programs.

Over the past decade there has been a transformation in housing subsidy programs from a federally funded and controlled system consisting of very low income rental housing production programs to a more flexible, but potentially unstable, tenant based subsidy program. While the federal commitment to tenant-based subsidies (i.e. the Section 8 certificate and voucher programs) has not wavered, successive administrations have virtually abandoned all efforts to directly subsidize new housing through appropriation-dependent sources.

At the federal level a variety of "off-budget," housing subsidy programs were developed in the 1980's concurrent with a shift in focus away from subsidies for very low income renter households toward a broader spectrum of households and market failures, most notable being an inability to produce an adequate volume of entry-level ownership housing. These tax-system based programs were typically made available through a system of fixed subsidy allocations to the states with substantial administrative responsibility assigned to local government.

During this same period, and as a product of the shift in philosophy at the federal level, assumption of the responsibility to develop and to fund housing production programs at the state level occurred. Most of these programs bypass County and City governments, except to the extent to which expressions of political and financial support for projects are a practical pre-requisite for obtaining state program financing commitments. The County government routinely makes available substantial portions of its Community Development Block Grant allocations, as well as funds derived from the use of the County's Density Bonus Ordinance, to financially assist the private and public (Housing Authority) non-profit sponsors of such projects. These same sources of funds are periodically being utilized to meet the growing need for emergency shelters and transitional housing for the county's homeless population, as well. It also appears that, in the near future, these same funds may be called upon to save some portion of the County's existing "at risk" low income housing from reverting to market-rate (see Part II, Section Three, Subsection 3.9 below).

Santa Clara County has aggressively pursued those opportunities that have been made available to it and, when appropriate, coordinated the efforts of county municipalities to effectively utilize subsidies allocated directly to cities. County-based coordination of Single Family and Multifamily Mortgage Revenue Bond issuances as well as the Mortgage Credit Certificate Program are prime examples of this commitment to efficiently utilize all available housing resources.

The 1984 Housing Element Update did not include specific housing unit construction goals related to household income categories. It is, therefore, somewhat difficult to measure "success" of its policies and programs, overall. However, analysis of the accomplishments of the individual programs will provide some insight into the value of those efforts and an indication of the modifications which may be desirable to ensure greater effectiveness in the 1990 to 1995 period. The following evaluation is quantitative where possible, and qualitative where specific objectives were not identified.

## 1.2 1984 Housing Programs

The following is a directory of local, state, and federal housing programs employed by Santa Clara County toward achieving its 1985 - 1989 housing goals. (Some programs described below were expanded or revised following the adoption of the 1984 housing update and may not be included in the original amendment.) Included is a brief description and evaluation of each program, the implementing agency, program or housing unit objectives, and program achievements.

■ **Implementation Measure:** **Single Family Mortgage Revenue Bonds**

Provided low interest mortgage loans to qualifying families for single family houses and condominiums within participating cities and the unincorporated county. Interest rate yields varied from one bond issue to another. Eligible residents must have been first-time home buyers, within individual agency's income guidelines, residents of the county for at least two years, and must have demonstrated credit worthiness. This program began well, but changes in requirements at the federal level quickly made this a cumbersome and expensive effort. This program was terminated in lieu of the more effective and easily administered Mortgage Credit Certificate Program.

**Responsible Agency:**

- Housing Bond Coordinator of Santa Clara County and participating cities
- To provide funds to facilitate the construction of 397 single family units between 1985 and 1990
- Construction of 199 single family units (see table below)

**Objective:**

**Achievement:**

**Single Family Mortgage Revenue Bond Issues, 1984 - 1985**

Year	% Rate	Bond Proceeds	Unit Target	Loans Originated
1984	10.75	\$22,800,000	207	104
1985	9.25	\$22,997,000	190	95
Total		\$45,797,000	397	199

■ **Implementation Measure:** **Single Family Mortgage Credit Certificate Program (MCC)**

Santa Clara County was one of the first jurisdictions in the state to initiate an MCC Program for moderate and low income first-time homebuyers. The program can help homebuyers purchase homes by issuing certificates which will, in effect, lower the applicant's federal income tax each year, enhancing after-tax income and permitting the applicant to sustain a higher monthly mortgage payment.

This has been an enormously successful program. It is one of the few programs which are accessible to moderate, as well as low, income households. Its flexibility also permits a household to consider a wider selection of home prices and locations. The County has issued MCC's up to the maximum permitted by the State and will aggressively pursue continuation of the program and an increase in the amount it may issue.

**Responsible Agency:**

- Housing Bond Coordinator of Santa Clara County and participating cities
- Issue 2,819 MCC's to assist moderate and low income first-time homebuyers
- 2,819 certificates issued; average mortgage amount \$108,000

**Objective:**

**Achievement:**

■ **Implementation Measure:** **Residential Development Data**

This activity facilitated the monitoring of housing activity throughout the county and provided information to decision makers at all levels. By providing monthly and quarterly summaries of residential development activity, any individual or agency can acquire current information regarding the type, location, and number of housing units built. This is a popular and useful administrative effort. The County intends to improve and expand this service in the 1990-95 period.

**Responsible Agency:**

- Santa Clara County Planning and Development Department
- To provide current information concerning residential development activity on a continuous basis
- Residential Activity Reports currently published on a monthly basis

**Objective:**

**Achievement:**

■ **Implementation Measure:** **Multifamily Housing Mortgage Revenue Bonds**

The County used its bonding authority and credit rating to issue bonds which provided money to finance the construction or rehabilitation of multifamily apartment projects throughout the county. Eligible tenants included varying proportions of low income and special needs households. Between September 1984 and December 1985, \$120 million in multifamily housing revenue bonds were sold in seven separate bond issues. This program provided a locally controlled source of low interest funds available to small and/or non-profit developers.

Changes in federal tax laws reduced the attractiveness of this approach to low income, family housing development. In addition, several voter approved bond acts and federal programs are now available. However, the County is still considering using the bond approach to create an independent pool of funds for the purchase and rehabilitation of deteriorated market-rate multifamily housing. This housing could then be targeted for low income and special needs households.

**Responsible Agency:** • Housing Authority of Santa Clara County and Housing Bond Coordinator of Santa Clara

**Objective:** County  
• 1,750 garden apartment units, including 350 below market rate units

**Achievement:** • All units were constructed; all below market rate units occupied

■ **Implementation Measure: Pre-development Loan Program**

Provided loans for site acquisition and preparation; architectural engineering, legal, permit, and application fees; and bonding expenses. Loans were not available for construction financing or administrative costs. Eligible participants were non-profit housing development corporations. By paying the expenses involved with assessing the scope and costs of doing a particular project, and the costs of preparing and submitting a proposal, this popular program filled a critical gap for non-profit developers. Most public funds are restricted to construction costs thereby requiring non-profit developers to find other funds to develop construction plans. These funds encouraged and enabled greater nonprofit development activity and will be continued.

Responsible Agency:

- Housing and Community Development

Objective:

- Provide pre-development loan to at least one multifamily development within the Urban County annually
- Funded pre-development expenses for six multifamily developments within the Urban County

Achievement:

■ **Implementation Measure: Rental Rehabilitation Program**

Provided the necessary staffing and fiscal resources to rehabilitate rental units. This program also provided funds to correct code violations in rental units in Urban County communities. Eligibility was determined through income guidelines and tenant occupancy. This very effective program to upgrade low income rental housing was curtailed only due to a shortage of funds. It will be continued and additional funding sought.

Responsible Agency:

- Housing and Community Development

Objective:

- To correct code violations in rental housing and provide more standard housing units affordable to low income renters
- Provided ongoing assistance in rehabilitating 120 units

Achievement:

■ **Implementation Measure: Moderate Rehabilitation Program**

Provided a rental subsidy to low income renter households in unincorporated areas when rents were being raised to cover rehabilitation work. This program ensured that households in rehabilitated units were not displaced by added-value rent increases following upgrading. If increased funding can be attained, it is intended that this program be expanded in conjunction with rehabilitation efforts in the unincorporated areas.

Responsible Agency:	<ul style="list-style-type: none"><li>• Housing and Community Development</li></ul>
Objective:	<ul style="list-style-type: none"><li>• Assist owners in rehabilitation efforts as resources permit</li></ul>
Achievement:	<ul style="list-style-type: none"><li>• 24 rental households assisted</li></ul>

■ **Implementation Measure: Santa Clara County Unincorporated Rehabilitation Project**

Encouraged housing rehabilitation by the residents of the unincorporated county through low-interest home improvement loans. Included technical assistance to insure that the actual construction work was done in a correct and timely manner. Eligibility was determined through income guidelines. This program has enjoyed only marginal success primarily because the loans were beyond the ability of most low income homeowners to repay. Nevertheless, this is perceived to be an effective rehabilitation program for affordable, unincorporated area single family housing stock. The County intends to continue the program and seek other means to reduce the month-to-month debt load of the resident as funding permits.

Responsible Agency:	<ul style="list-style-type: none"><li>• Housing and Community Development</li></ul>
Objective:	<ul style="list-style-type: none"><li>• To assist low income (less than 80% of median income) home owners in bringing their homes up to minimum code standards</li></ul>
Achievement:	<ul style="list-style-type: none"><li>• Assisted approximately five homeowners annually</li></ul>

■ **Implementation Measure: Section 312 - Loan Program**

This second-generation Housing and Urban Development Department (HUD) program provided low-interest loans to correct code violations in residential, mixed-use, multifamily, and commercial units in Urban County communities. Eligible participants for residential loans were low and moderate income (up to 120% of median income) homeowners. This program has been utilized primarily by moderate income households. However, in the interest of maximizing every option, the County will continue administering this program as it frees other lower-cost programs for use by very low and low income households.

Responsible Agency:

- Housing and Community Development
- To help low and moderate income homeowners correct code violations
- Funded repairs to approximately 10 units; 4 more in progress

Objective:

Achievement:

■ **Implementation Measure: Housing Rehabilitation Services**

County rehabilitation specialists provided technical assistance and monitoring for construction and contractual aspects of rehabilitation efforts. This included performing initial inspections, preparing work write-ups, putting work out to bid, performing on-site inspections and all necessary follow-up. In addition, the rehabilitation specialists provided technical assistance to CDBG housing development. These County administered services were provided to participants in the entire Urban County Cooperative Rehabilitation Program. Each city sets its own eligibility standard based on income guidelines. This successful effort by the County to contribute project administrative and management support provided crucial skills and development continuity where they were sorely needed. The County will continue the effort and seek expanded funding through a variety of means.

Responsible Agency:

- Housing and Community Development

Objective:

- To provide technical assistance to 85 units, conserving and improving Urban County housing stock

Achievement:

- 80 to 150 units annually

■ **Implementation Measure:** **Section 8 - Existing Housing Certificate Program**

This Federally-funded program provided rental subsidies and tenant counseling for low and moderate income families, and single elderly or disabled individuals. This is one of the largest housing programs in operation. It effectively subsidizes low income households that cannot pay market rates. While it does not result in an increase in affordable units, it enables thousands of households to access an otherwise exclusive private market. The only limitations have been inadequate federal funding; the County will continue to seek stable, long-term funding commensurate with need.

**Responsible Agency:** • Housing Authority of Santa Clara County

**Objective:** • Provide continuous assistance to 6,200 eligible households throughout Santa Clara County through 1986 (New voucher program beginning in 1987)

**Achievement:** • Increase of approximately 900 units under contract between 1985-1990

■ **Implementation Measure:** **State Deferred Rehabilitation Program**

Provided deferred loans at 3% interest up to \$10,000 to very low income single family homeowners. This program has not attracted great numbers of participants. There is not a large number of very low income homeowners and for the few that are, any additional debt is frequently intolerable, even at 3% interest. However, the County will continue to administer this state funded program in the belief that it may assist some households.

**Responsible Agency:** • Housing and Community Development

**Objective:** • Assist very low income homeowners in rehabilitating their homes

**Achievement:** • Six single family units

■ **Implementation Measure:** **Section 8 - Existing Housing Assistance Program Aftercare**

Provided rental subsidies for handicapped, developmentally or mentally disabled persons capable of independent care who were sponsored by a community agency throughout their period of transition to independent community life. This has proven to be a complex program to administer. However, given the shortage of housing suitable and affordable to special needs households, the County will continue this program and work with its federal sponsors to streamline its requirements.

**Responsible Agency:** • Housing Authority of the County of Santa Clara

**Objective:** • To house 75 handicapped, developmentally or mentally disabled persons throughout Santa Clara County

**Achievement:** • Maintained full lease-up of difficult program for 1985-1990

■ **Implementation Measure:** **California Natural Disaster Assistance Program (CALDAP)**

Provided low interest (3%) deferred loans to assist in rehabilitating or reconstructing homes damaged by earthquake. Borrower must have been an owner-occupant of a single family dwelling, including condominium units, townhouses, cooperative units, duplexes, or manufactured and mobile homes. Borrower must also have been declined for rehab assistance from the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA). Dwellings must have been located in a County proclaimed by the Governor to be in a state of disaster. Implementation of this program has been hampered by the slow response of the two federal agencies involved. Nevertheless, because this has proven to be the last resort for many victims of the Loma Prieta earthquake, the County will continue to fund administration of this program for as long as the State permits and qualifying applicants exist.

**Responsible Agency:** • Housing and Community Development

**Objective:** • 150 units rehabilitated

**Achievement:** • 75 units in application review at this time; 7 units approved

■ **Implementation Measure: Migrant Farmworker Housing**

Provided seasonal housing and day care facilities for migrant farmworker families whose permanent residence were over 50 miles away and whose income was derived at least 50% from agriculture-related employment. Camp Ochoa has filled a critical need in the South County area where spiraling housing costs have severely diminished the supply of housing farmworker households can afford. Operation of the camp will continue; however, expansion of this program awaits further funding and a determination regarding the future of agriculture in the area.

Responsible Agency:

- Housing Authority of the County of Santa Clara

Objective:

- To provide 100 units of migrant farmworker housing

Achievement:

- Camp Ochoa, located in the unincorporated agricultural area in southern Santa Clara County, is a 100-unit, multifamily complex funded and operated by the Housing Authority of Santa Clara County. During the growing and harvesting season the Camp primarily serves the needs of seasonal migrant farm workers and their families. (During the "off-season," from December 1st through March 31st, the facility reverts to an emergency shelter for non-migratory farmworker and indigent, rural area families.)

■ **Implementation Measure:** **Housing Complaint Resolution and Referral Program**

Provided referral services for inquiries on housing needs or resolution of tenant-landlord disputes. Fulfilled Human Relations Commission responsibilities as defined by County Ordinance. This program provided principal funding for a very popular service delivered primarily by community non-profit agencies. The Commission will continue to coordinate services and seek to expand them as funding permits.

Responsible Agency:

- Human Relations Commission of Santa Clara County

Objective:

- Refer or resolve approximately 5,000 calls per year from county residents

Achievement:

- Fulfilled objective

■ **Implementation Measure:** **Coordinator of Community Housing Services**

Provided direction and coordination to community organizations which provide emergency housing countywide. This program was the first attempt to coordinate the delivery of services for the homeless on a countywide, intra-agency basis. It has been very well received by participating agencies and has been a great benefit in minimizing duplication of services and identifying areas where additional or improved services were needed. This program has enabled communities countywide to begin planning for new and expanded services and funding, and will be continued.

Responsible Agency:

- Human Relations Commission of Santa Clara County

Objective:

- To encourage agencies providing emergency food and shelter to cooperate in efforts which maximize emergency housing funds, services and facilities on a continuous basis

Achievement:

- Fulfilled objective

■ **Implementation Measure:** **Neighborhood Mediation and Conciliation Services**

Provided a mediation and conciliation service in neighborhood situations and in tenant-landlord situations countywide. This widely advertised program has grown in popularity annually and is constrained from serving a wider client base only by funding limitations. The County will maintain this program and will seek opportunities to increase funding, where possible.

Responsible Agency: • Human Relations Commission of Santa Clara County

Objective: • Reconcile 400 disputes in 1984, with approximately 6% increase each year for five years

Achievement: • Fulfilled objective

■ **Implementation Measure:** **Community Development Block Grant Funds (CDBG)**

The County administered, federally funded CDBG program assisted a wide variety of housing-related activities, including the construction and rehabilitation of affordable housing units. National objectives were to eliminate slums and urban blight, or provide for some urgent community need. All efforts were to benefit low or very low income people as defined by HUD income criteria. The following programs or projects, administered by local non-profit organizations, have been funded completely or in part with CDBG funds between 1985 and 1989. They have achieved the stated objective aid, and, unless otherwise noted, were available to households countywide.

**Programs implemented:**

**Community Housing Developers**

Provided pre-development and construction assistance to Santa Clara County communities in building housing for physically handicapped and elderly residents, and lower income individuals and families.

Agency: • Community Housing Developers

Objective: • Construct 60 units; outreach on a continuous basis

**Access California (now called Home Access Program)**

Provided construction and technical assistance for removing barriers to accessibility in homes of the disabled.

Agency:

- Economic and Social Opportunities, Inc.

Objective:

- Approximately 60 residences to be made accessible; outreach on a continuous basis

**California Housing and Energy Conservation (CHEC) Project**

Provided weatherization and insulation assistance to low income households countywide. (State funding terminated in 1988)

Agency:

- Economic and Social Opportunities, Inc.

Objective:

- Assist 78 low income households annually

**South County Housing**

Provided pre-development and construction assistance to South Santa Clara County communities (Morgan Hill, Gilroy and the Unincorporated Area) in construction and acquisition of single family dwellings and multifamily dwellings for ownership and rental properties.

Agency:

- South County Housing

Objective:

- Acquire or construct 25-50 units per year

**Housing Independence Project**

Provided affordable multifamily housing through housing acquisition and rehabilitation for the physically, mentally, or developmentally disabled citizens of Santa Clara County.

Agency:

- Housing for Independent People (HIP)

Objective:

- 8-10 units annually

**Asian Law Alliance**

Provided fair housing and tenant-landlord dispute services to Asian and other residents of the Urban County through community education and individual assistance.

Agency:

- Asian Law Alliance/Santa Clara County Fair Housing Consortium

Objective:

- Serve 35 to 45 clients annually; continuous community outreach

### **Disability Law Center**

Took actions to reduce or eliminate housing discrimination experienced by physically disabled low and moderate income persons residing in the Urban County by providing community education/outreach services about the rights of disabled county residents in fair housing and tenant-landlord disputes.

Agency:

- Disability Law Center/San Jose Housing Service Center/Santa Clara County Fair Housing Consortium
- Services 70 to 80 people annually; continuous outreach effort

Objective:

### **Housing for the Developmentally and Psychiatrically Disabled**

Sought to reduce homelessness or reinstitutionalization of developmentally and psychiatrically disabled county residents through protection and enforcement of their housing rights, and through legislative and systems reform.

Agency:

- Mental Health Advocacy/Santa Clara County Bar Association/Santa Clara County Fair Housing Consortium
- To counsel and represent 70 to 80 clients annually in a variety of housing disputes

Objective:

### **Mid-Peninsula Citizens for Fair Housing**

Provided fair housing services throughout the mid-peninsula by raising community understanding of housing discrimination; provided means of redress to victims of discrimination; provided data to public agencies regarding discrimination.

Agency:

- Mid-Peninsula Citizens for Fair Housing/Santa Clara County Fair Housing Consortium
- Investigate 35-40 complaints and counsel 100 cases annually; continuous community outreach

Objective:

### **Operation Sentinel**

Provided comprehensive fair housing services including: community education, case investigation, litigation, and conciliation to a target population of primarily low and moderate income renters.

Agency:

- Operation Sentinel-Stanford/Mid-Peninsula Urban Coalition/Santa Clara County Fair Housing Consortium
- To provide fair housing information and referral services to 1,500 people annually; to provide services for 270 households annually

Objective:

### **San Jose Housing Service Center**

Provided comprehensive fair housing services including: community education, case investigation, litigation, and conciliation to a target population of primarily low and moderate income renters.

Agency:

- San Jose Housing Service Center
- Provide counseling for 150 individuals; continuous outreach

Objective:

### **Shelter Program**

Provided emergency housing for battered women and their children for up to six weeks. Available to Urban County residents.

Agency:

- Mid-Peninsula Support Network
- Provide (monthly) shelter for 7 women and 11 children; meals for 70 women and 90 children; 130 bed-nights for women and 200 bed-nights for children.
- Provide (annually) 30 social skills/play therapy groups for children; 30 house meetings/support groups for shelter residents; 6 outings for children

Objective:

### **Shared Housing Project**

Assisted primarily single-parent families in Santa Clara County that wish to share housing.

Agency:

- Catholic Social Services
- Provide 150 shared housing arrangements

Objective:

### **Project MATCH**

Assists the elderly in Santa Clara County that wish to share housing.

Agency: • Project MATCH

Objective: • Provide approximately 250  
shared housing arrangements

### **Isla Pacifica**

Provided emergency housing for victims of domestic violence and homeless women and children, combined with support and outreach services.

Agency: • South County Alternatives

Objective: • Provide on-going emergency shelter for 85 individuals  
continuous community outreach

### **Casa WOMA Emergency Housing Project**

#### **(now called Next Door)**

Provided emergency housing for victims of domestic violence combined with an innovative approach to domestic violence prevention.

Agency: • The Women's Alliance/Next Door

Objective: • Provide emergency housing to at least 100 Urban County residents (women and children) within a 30-day program; provide crisis reducing alternatives to at least 1,760 women annually; continual services and community outreach

### **San Martin Emergency Shelter**

Operates an emergency shelter in San Martin (unincorporated) for eleven homeless families in the South County area.

Agency: • Emergency Housing Consortium/  
South County Housing

Objective: • Provide continuous emergency housing for low income families

### **Projects completed:**

#### **Maple Gardens (1985)**

18 rental multifamily units for low and moderate income households in south county unincorporated area;

Agency: • South County Housing

#### **Laurelwood Self-Help**

16 for-sale single family units for low and moderate income households;

Agency: • South County Housing

**Jasmine Way Self-Help**

16 for-sale units; single family for low and moderate income households;  
Agency: • South County Housing

**San Martin Emergency Shelter**

Rehabilitate former 11-unit motel for emergency housing facility in San Martin (unincorporated) for low income households.

Agency: • Emergency Housing Consortium/ South County Housing

**1.3 Other on-going County Actions to Encourage Affordable Housing**

**Density Bonus Ordinance**

Provides a financial resource for increasing the supply of low and moderate income housing in Santa Clara County. Grants a 10% density bonus to subdivisions where 10% or more of the units are set aside for low or moderate income housing or where an in-lieu contribution is made to the Low and Moderate Income Housing Fund based on the assessed value of a median priced lot in the subdivision.

Responsible Agency: • Santa Clara County Planning and Development Department  
Objective: • Ongoing  
Achievement: • Approximately \$400,000 collected for 1985-1989 period

**Secondary Dwelling Unit Ordinance**

Allows secondary dwelling units of not more than 800 square feet of floor area within any "R", "OA", "A1", "S", "SS", and "H" zoning district. Under certain conditions secondary dwellings are permitted as a matter of right, otherwise a special permit is required.

Responsible Agency: • Santa Clara County Department of Planning and Development  
Objective: • Allow secondary dwelling units within the unincorporated areas of the county.  
Achievement: • Between 1985 and 1989, 50 secondary units were approved.

**Agricultural Mobile Home Ordinance**

With a special permit, allows the use of one or more manufactured homes as dwellings for full-time agricultural employees in agricultural zoning districts.

Responsible Agency: • Santa Clara County Department of Planning and Development  
Objective: • Five to ten units annually between 1990 and 1995

## Section Two:

### Governmental and Non-governmental Factors Influencing Housing Production

#### 2.1 Overview

State planning guidelines require the Housing Element to include identification of governmental and non-governmental policies and practices which may pose "potential and actual" constraints to the development and maintenance of housing for all income levels. These would include land use plans and policies, building standards and permitting procedures, the price of land and construction costs, and the cost and availability of financing. The section below discusses these housing cost factors and several others as they pertain to unincorporated Santa Clara County.

#### 2.2 Governmental Factors

Santa Clara County influences the total supply and distribution of residential sites, and the number of dwelling units in the unincorporated area through a variety of plans, policies, ordinances and other land use controls. Housing is but one of many concerns which must be addressed by County land use regulations. Some regulatory methods unavoidably effect the cost and number of housing units in rural, environmentally hazardous or sensitive unincorporated areas. Conversely, housing development within the urbanized areas is permitted at densities on par with the adjoining city. Residential construction is permitted commensurate with need in the Study Area and the mechanisms which are employed overall, directly reflect the environmental and community development objectives of county residents.

#### The General Plan

The County's principle land use directive is the General Plan itself. State law mandates that this general development and resource conservation plan address seven distinct areas. These seven "elements" (and any others local jurisdictions feel are warranted) must be without conflict with one another in the direction they give. It is clear from the guidelines that the State envisioned a "balanced" approach to development, such that one area of the general plan did not obscure the others. Consequently, the Housing Element has a direct influence on the other elements of the plan and vice versa. The County's General Plan permits residential development in some fashion in virtually every land use designation. In so doing, it is not unduly restrictive in its standards or when housing as a land use is appraised in relation to other General Plan objectives.

When adopted, the 1980 Santa Clara County General Plan was perceived to define, "a path to follow in adapting to growth and change in the coming

decade;" in effect, a countywide growth management plan. It was intended to channel future urban growth into cities, conserve the natural resources of the rural lands, and restrict development in hazardous areas. The County has implemented several mitigating measures pertaining to urban, unincorporated areas to counter balance those General Plan policies which might constrain residential construction in the rural, unincorporated areas, particularly housing for moderate and low income households. The County has encouraged the annexation of all developed, unincorporated lands within the cities to ensure that residents received appropriate urban services. This also serves to facilitate land use planning and the economic provision of services on the part of both the County and the cities. To ensure that they have sufficient development potential, the County has also encouraged the cities to annex land and extend utilities commensurate with their development needs.

The General Plan embodied the formal and informal agreements between the County and the cities forged during the prior decades, agreements which provided for orderly urban growth and the protection of rural areas from premature and inappropriate development. It went one step further by formalizing these agreements as policy which it hoped would provide more effective urban growth management in the 1980s. It should be noted that a primary factor in the adoption of this system of growth management was that County government had no control over the development of sewer systems. This is still true today, and will appear unlikely to change.

The General Plan Land Use Map designations and related development policies are divided into three primary categories:

**1) Resource Conservation Areas (RCA)**

Lands designated RCA consist primarily of the mountain lands, the wetlands and lowlands, and the best remaining agricultural lands of the county. Allowable uses on these lands are those which are compatible with resource conservation and the land's inherent natural qualities. Allowable density and uses are those which sustain the lands in such a way that countywide air quality is maintained, prime agricultural soil is kept in productive use, watersheds are protected, and per capita energy demand is not increased.

RCA designations are:

Agriculture (Large Scale)	AI
Agriculture (Medium Scale)	Am
Baylands	B
Hillsides	H
Open Space Reserve	OR
Regional Parks, Existing	P
Other Public Open Lands	PL
Ranchlands	R

**2) Rural Residential Areas (RR)**

Rural Residential Areas are described as areas outside of city Urban Service Areas (USA) where residential density generally exceeds one dwelling unit on ten acres, and where the use of the land is primarily for residential purposes. The designation is applied to areas which have an established pattern of small, primarily developed parcels assembled in aggregations large enough to be considered more than simple clusters of rural development. Most areas lie outside of lands planned by cities for future inclusion in USA's. Some could eventually become new cities, but most will remain the responsibility of the County until that time. Allowable uses primarily include residential, agricultural and open space uses. Commercial, industrial and institutional uses may be established only where they serve the needs of the resident population and result in a net overall reduction in travel demand.

**3) Other Land Uses**

This category covers land use activities which are generally unique, culturally significant, or may have undesired impacts on either the natural or built rural environment. Uses covered by this designation include major educational or public facilities, rural area roadside commercial services, transportation facilities, communication sites and utilities, industrial facilities, solid waste disposal sites, and quarries.

**Special Land Use and Development Policies**

Development in several areas of rural, unincorporated Santa Clara County are covered by special land use policies which have been amended to the General Plan. These policies include both subjective guidelines and detailed development standards. They are intended to provide guidance to land development in areas designated Rural Residential on the Land Use Map, as well as areas in the Los Gatos Watershed and San Martin. (The latter is only one of the three areas which fall within the Housing Element Update Study Area.)

**• The San Martin Land Use Policies**

The policies apply to the unincorporated community laying generally between the sphere of influence lines of the Cities of Morgan Hill and Gilroy, the Diablo Range to the east and the Santa Cruz Mountains to the west. Key features of the policies encourage decision makers to consider San Martin a "distinct entity, containing unique rural characteristics," and to resist land use decisions which "would restrict future options for the community." Development should not further impact the area's ground water quality and should occur with community participation. The policies call for the installation of area-wide public utilities and roadway infrastructure improvements, as well as development design standards, prior to approving general plan revisions to current land uses designations which might permit higher development potential.

Other sections of the policies apply to institutional and agricultural land uses, land divisions, scenic highways, local areas of special concern, residential land uses. The latter discourages changes in residential use not currently permitted under the General Plan. It does, however, permit continued and new residential activity within designated commercial/industrial areas as long as there is sufficient lot area for the construction and maintenance of separate septic systems for each use on the parcel. The policies do not constrain residential development from reaching the levels permitted by the General Plan.

**• South County Joint Area Plan**

The South County Plan contains the policies of a special land use plan for southern Santa Clara County. The Plan was prepared and adopted as a joint effort by the cities of Morgan Hill and Gilroy, and Santa Clara County. It is a mutual statement of policies for development and environmental management in the South County area. The purpose of the agreement is to achieve consistency and coordination of land use policy between the three jurisdictions. It applies to all incorporated and unincorporated areas south of the San Jose - Morgan Hill Boundary Agreement Line. The policies it contains are based on and conform with those of the County's General Plan and do not impose a constraint to residential development permitted by the General Plan.

**• Unincorporated Lands Within Urban Service Areas (USA)**

The County does not define specific General Plan designations for the unincorporated "pockets" within city limits and urban service areas. It has, instead, established development agreements for those unincorporated parcels. To maximize development potential where urban services are in place, to encourage development that is in character with adjacent incorporated areas, and to ensure that development within these pockets supports the land use objectives of the surrounding city, the policies establish the host city's general plan designations as the primary land use determinant for the unincorporated parcels. County zoning within the unincorporated pockets thus generally reflects the city's General Plan designation.

**• Density Bonus Programs**

As required by state law, the County may grant a 25 percent unit density bonus over the otherwise zoned maximum density to developers who agree to fulfill specified residential development conditions. In addition, since 1979, Santa Clara County has also employed a Density Bonus Ordinance as a means of generating housing opportunities for low income households throughout the county. The County's ordinance grants a 10 percent density increase above zoned maximums in certain areas under specified conditions. Unlike the state law, the County's ordinance permits in-lieu contributions of funds to a Low and Moderate

Income Housing Fund. Contributions must not be less than 9 percent of the total appraised value of the property being subdivided (minus a proportionate share of the cost of required improvements).

#### • Secondary Dwelling Units

Section 37-11 of the Zoning Ordinance permits a subordinate secondary dwelling in all residential zoning districts. A secondary unit is intended to be smaller than the primary residence and to be as unobtrusive as possible on the site. A secondary dwelling unit, either attached or detached, of not more than 800 square feet of floor area is allowed within any "R," "OA," "A1," "S," "SS," and "H" zoning district upon securing a design review approval. Secondary dwelling units are allowed by either design review or a special permit. In rural areas, a separate septic system may be required for both the primary unit and the secondary unit. A secondary unit is not permitted in the Los Gatos Specific Plan Area, and in the San Martin General Plan Area a secondary unit is only permitted on a lot of five acres or more that complies with the county sewage disposal requirements.

#### Zoning Ordinance

Zoning is the principle means for implementing the General Plan. By designating the use, density and other development standards for each parcel, the zoning ordinance interprets community objectives contained in the general plan's goals and policies. The Zoning Ordinance of the County of Santa Clara (Ord. No. NS-12, 41, 8-25-37, and subsequent revisions) sets forth the development requirements for each zoning district in unincorporated areas of the county.

The direct relationship between zoning and the cost of housing is difficult to assess. The Ordinance incorporates many mandated building, fire and safety requirements which would remain in effect were other land use regulations removed. It does not apply additional or more stringent standards than those required by State housing law or the model codes adopted into it.

The relaxation of zoning controls might induce cheaper, more intensive residential development. However, the lack of predictability of either the type, location or intensity of development would have an overall negative impact on the character of the Study Area, a de-stabilizing effect on property values, and a generally deleterious effect on the public health and welfare. It might also result in the net loss of affordable units which might otherwise be retained through rehabilitation efforts. With regard to residential construction, Santa Clara County's Zoning Ordinance permits a great deal more flexibility with less stringent design and amenity requirements than do those of the cities in the county. When objectives for both the maintenance of a safe and diversified housing stock are taken into consideration, the ordinance does not unduly constrain residential development.

The Zoning Ordinance affects residential development in the Study Area through the application of several zoning districts which permit varying degrees of residential intensity. The general residential standards of those districts are discussed below. In some districts residential development is permitted outright. In others, residential development is subject to more stringent permit requirements; either a special permit or a conditional use permit. The zoning districts are described below:

#### **Exclusive Agricultural (Greenbelt) (A)**

The principle intent of the Agricultural district is to preserve and encourage agriculture by preserving land defined in the General Plan as best suited for agricultural uses and uses compatible with agriculture. This district provides stability for those wishing to conduct agricultural operations, encourages new agricultural uses, conserves natural resources, and encourages the productive use of lands designated for open space. Lands which may be suitable for future urbanization may be retained under agricultural use until such time as public facilities and services can be economically provided, consistent with community plans and objectives.

The Agricultural district permits a single family dwelling or mobile-home incidental to agricultural use, and residential accessory structures as a matter of right on new Study Area parcels larger than 20 acres (10 acres on existing parcels). Two homes are permitted as a matter of sight, with a bonified agricultural use. Any more require a use permit. Additional housing for full-time agricultural employees is also allowed subject to the conditions of a use permit.

#### **Agricultural and Residential (A1)**

While permitting small scale agricultural operations on parcels as small as 5,000 square feet, this district allows a variety of non-agricultural uses, including a single family dwelling, mobile home, or accessory dwellings to house employees (engaged in permitted uses) as a matter of right. This district will also allow emergency and transitional housing for six or fewer out right or with a special use permit for seven or more individuals.

#### **Rural Residential (RR)**

The principle intent of this district is to permit rural residential development at variable densities in certain unincorporated areas of the county. Agricultural and open space uses are permitted which are compatible with the primary residential use. Commercial, industrial and institutional uses may be established only where they serve the needs of the resident population and result in a net reduction in "out-of-area" travel demand.

The district permits a single family dwelling or mobilehome on parcels ranging in size from 5 to 20 acres depending on location. Secondary

dwellings (subject to design review) and other accessory dwellings related to permitted activities are allowed as a matter of right.

### **Hillside (HS)**

The principle intent of this district is to preserve the open character of mountainous land unplanned or unsuited for urban development, to promote those uses which support and enhance a rural character, to protect and promote wise use of natural resources, and to avoid the risks imposed by natural hazards found in these areas. These are primarily watershed lands, or those which provide such important resources as minerals, forest, animal habitat, rare or locally unique plant and animal communities. They can also be areas of extreme fire or seismic danger. They may also be historic and archaeological sites, areas of unique scenic beauty, prime grazing lands, recreational areas, and land which defines the edge of urban areas.

This district allows a single family home or mobilehome on parcels of 160 acres or larger. Lot size may be reduced to as little as 20 acres (depending on slope) when a cluster development is proposed. Farm labor camps and secondary units are also allowed subject to securing a special permit.

### **Building Codes and Enforcement Procedures**

Building codes, and their enforcement, may effect the cost of housing. All new construction in the Study Area is required to meet the 1988 Uniform Building Code (UBC) regulations. The county applies few standards above and beyond the UBC. The county building codes reflect a number of state-mandated building, mechanical, electrical, fire, and housing codes applicable to residential development. These requirements have a substantial effect on per unit construction costs.

The codes are intended to ensure the health, safety, and structural integrity of residential units. In doing so, however, they do not impose onerous standards or expenses on the builder. For example, the California Building Industry Association (CBIA) estimates that energy conservation requirements add from \$1,500 to \$2,000 to development costs per unit. However, reduced energy expenditures reimburse the occupants over time through lowered overall housing costs.

### **Residential Development Fees**

The County has established fees on new development sufficient to recoup the governmental costs of processing applications, ensuring conformance with development regulations, and for providing a public service. The fees are currently structured so as to recover approximately 70 percent of the actual cost of service delivery. (It is assumed the remaining 30 percent is appropri-

ately spent on providing a public service). This reduces County development fees to well below those of jurisdictions which set fees to recover 100 percent of cost.

In addition, recent State law requires development fees to be reasonably related to the cost of providing necessary services. The fees charged by the County are in conformance with this ruling. In actuality, the fees charged by the County have been found to be a small fraction of overall development costs. Attempts to compare standard County application fees with those charged by other jurisdictions proved fruitless. Similarly named fees often covered different services, and the cities must often charge for a variety of services typical to urban development but not commonly found in rural areas where most County development activity occurs. The one conclusion which could be reached was that the County routinely charges less per unit than the highest rate charged by a city and more than the lowest. Examples of standard County development fees are listed in the table below (see Figure III-2.2).

**Figure III-2.2: Standard Application Fees  
Santa Clara County; 1990**

Action	Fee
Appeals	\$260
Environmental Assessment	\$550
Environmental Impact Review	\$2300
General Plan Amendments	\$2100
Parcel Maps (Final)	\$2100 \$380
Subdivision Tract Maps (Final)	\$3150 \$630
Use Permits (Standard)	\$1210
Variances	\$370
Zoning Changes	\$2100

(Source: APO; 1990)

### **Development Permit Processing Procedures**

The character of development in the County is frequently quite different from that of the cities. Most County building permits are issued for large, single family homes in rural areas on previously undeveloped land. Not surprisingly, extensive environmental review and mitigation measures are frequently called for. Residential development in the cities is typically small lot infill where services to the parcel are already provided and few environmental concerns

arise. The identification of environmental issues for County projects often triggers state or federal procedures (i.e., CEQA and wildfire protection) which the County cannot legally side step.

Virtually all development permits require some type of County approval, whether they are general plan amendments, rezonings, use permits, variances, or subdivisions. Larger projects must also undergo the environmental review process. With regard to the possibility of administrative approval of certain development projects, State law requires that environmental determinations and most project decisions be made at public hearings. Subdivisions, rezonings, use permits, and general plan amendments must also be decided at public hearings.

As noted above, certain steps in the development review process are required by State law rather than local regulation:

- Amendments to the General Plan when proposed development is inconsistent with adopted policies or the Land Use Map;
- The Subdivision Map Act requires the filing of tentative and final subdivision maps;
- Adoption and enforcement of building codes;
- Compliance with the California Environmental Quality Act (CEQA) requires the County to assess the environmental effect of a project; the County must then determine whether an environmental impact report, a negative declaration with mitigation measures, or a negative declaration alone is required;
- CEQA also establishes the amount of time required for public review and posting of environmental documentation.

Once an application is filed at the Central Permit Office (CPO), a master file is established. The submitted plans and supporting information are prepared within the next five calendar days for submittal to the various referral agencies. Each referral agency is allowed 15 calendar days to comment on the application.

When all the responses have been received, the CPO reviews the application to determine whether it is complete. A letter is prepared and submitted to the applicant and the owner, either declaring the application is complete or listing those items that need to be addressed in order to make it complete. This entire process, from the receipt of the initial application to the preparation of the letter of complete/incomplete, must be done within 30 calendar days. This is comparable to the average (5 weeks) of the cities.

After an application has been deemed complete, the procedures that follow depend upon the type of application submitted. Certain types of applications may be acted upon immediately by designated staff without any notice to the public or a public hearing. Other applications may require a public hearing with either or both the Planning Commission and the Board of Supervisors. These types of applications also require an environmental assessment.

Once an application is conditionally approved, the applicant is required to meet all conditions of approval prior to the expiration date. Most projects involve the processing of a number of conditions of approval, either through the County Surveyor's Office or the Planning Office. Building permits cannot be issued until all conditions of the conditional approval have been complied with, including all necessary clearances from involved agencies. Once this is completed, plans can be submitted to the Building Inspection Office for plan check and subsequent issuance of the building permit.

### **Environmental Factors**

Certain environmental factors can constrain development. Both physical environmental conditions and particular environmental objectives regarding public health and safety also effect the pace, location and type of development which occurs. To a substantial degree the two overlap. County land use regulations reflect many of the natural hazards commonly found in rural, unincorporated Santa Clara County.

A significant portion of the Study Area is rough, seismically active terrain. Steep slopes and unstable soils often render land uneconomical and unsafe to develop. Semi-arid conditions throughout much of hilly, eastern and western Santa Clara County substantially increase the danger and frequency of brush fire in those areas. Within the "developable," flat areas of Santa Clara County, the same fire and earthquake dangers exist, but to lesser degrees. In southern Santa Clara County, agricultural activity and existing development have taxed available water resources and wastewater treatment options to near the limit. Water availability and septic tank failure currently pose severe environmental constraints to the development potential in that and other developed areas of the rural county.

### **Community Values**

The regulations which control development in the Study Area also reflect the environmental, economic and social values of the residents of Santa Clara County. With the exception of the urban, unincorporated parcels discussed above, development potential of all types in the Study Area is generally significantly less than that found within the incorporated cities and their spheres of influences. It is now and has for more than two decades been the desire of county residents to prevent sprawling, low density development throughout the rural areas. The primary mechanism for preventing sprawl and its attendant

impacts on the natural, fiscal, and social environment has been to implement land use policies which focus all urban-type development into the cities or their urban service areas.

To a great extent these policies have worked. Despite the growth in jobs and population experienced by urban Santa Clara County during the past two decades, the open spaces, environmentally sensitive areas, and agricultural lands of the rural county have remained largely undeveloped. To mitigate the constraints which these policies might present to lower cost housing, the County has worked with the cities to develop housing policies and fund programs which facilitate all types of residential development consistent with the later's plans and policies. Additionally, the County has implemented a variety of low income housing programs (see Part I, Section 3, Subsection 3.4). This has resulted in a net increase in low and moderate income housing in urban areas near employment, transportation, and service opportunities.

#### **Actions of the State and Federal Government**

A number of state and federally-mandated construction and development requirements which impact housing costs have been described above. Legislative action can also constrain the production of housing in other ways.

Most local government agencies, particularly counties, have not fiscally recovered from the impact of Proposition 13; Santa Clara County is no exception. The County is severely constrained by this State law in its ability to fund services and programs. During the same period that per capita revenue dollars decreased, the public's demand for services provided by the County have increased. Simultaneously, new federal- and state-mandated programs were enacted without adequate funding; in many cases, existing funding has been reduced or eliminated. Consequently, the County is using its limited resources to sustain basic services while it must forego any significant expansion of services regardless of how badly they have needed.

Although a recent court ruling has resolved one issue, Article 34 still presents a number of constitutional barriers to the development of low income housing. By requiring local voter approval, Article 34 of the California Constitution constrains all low income housing development when units are to be publicly owned, or privately owned but financed by public agencies and more than 49 percent of the units will be reserved for low income occupancy. The only projects which do not fall under this restriction are those privately-developed and financed with federal or private money, such as Section 8 new construction, rehabilitation projects financed by County-issued bonds, and cooperative projects where units are to be owned.

With regard to housing actions by the federal government, such as the 1986 Tax Reform Bill, have had an adverse impact on the financing of affordable housing by reducing incentives to invest in housing. In addition, the federal

government's active withdrawal from both housing production and housing assistance has markedly constrained local governments ability to respond to the growing need for affordable housing (see Part II, Section Three, Subsection 3.7).

### **2.3 Non-governmental Factors**

Housing costs are influenced by many factors beyond the control of local government. State and national economic conditions have considerable bearing on the pace of local development, the availability of financing, and mortgage interest rates. A number of costs associated with home building, such as site improvements (i.e., grading, the provision of utilities and streets, and construction itself) cannot be greatly lessened by the County. The County can, and does, provide some relief to assist in constructing low and moderate income housing through land-cost write-downs and construction loans with Community Development Block Grant and Mortgage Revenue Bond funds. However, to a great extent costs associated with producing and acquiring housing are beyond the direct control or influence of county government. Several non-governmental factors which can constrain housing development are discussed in the section below.

- **The Regional Housing Market**

For several years, the San Francisco Bay Area has been one of the most costly housing markets in the state and the nation. The median sales price of new homes rose over 30 percent in 1988 and another 10 percent in 1989, reaching \$261,908 in January 1990. While inflation adjusted household incomes throughout the Bay Area have also risen steadily, they have not kept pace with housing cost increases. In order to qualify to purchase the median priced house, buyers must have annual incomes approaching \$80,000 and the ability to shoulder monthly mortgage costs of approximately \$1,800 per month. Fewer than 10 percent of Bay Area households currently qualify.

Santa Clara County's housing market cannot disassociate itself from these regional influences. In fact, the significant jobs/housing imbalance of some cities within the county contributed to the housing affordability crisis in the region. The demand for housing does not stop at the city limit lines. Housing prices in the unincorporated areas have escalated proportionately with those in other parts of the region.

- **Land Costs**

The cost of land is one of the largest components in the price of housing. The County has attempted to ameliorate high land costs in unincorporated areas and enhance development potential, where practicable and not in conflict with policies. On parcels designated Hillside (HS), an optional subdivision technique permits an increase in the number of developable sites through clustering. Since much hill area land is undevelopable due

to steep slopes, clustering enables the developer to maximize flat sites within the parcel. In addition, the County offers two Density Bonus options (see Density Bonus Programs, Subsection 2.2 above).

The price of developable unimproved, land varies greatly from one location to another within the Study Area. A phone survey of South County realtors indicated costs generally ranging from \$45,000 per acre for ten-acre parcels to \$95,000 per acre for five-acre parcels in the San Martin vicinity. The value of residential parcels with existing structures of marginal habitability (referred to as "tear-downs" in the real estate industry) were priced far higher. Because these sites may already have approved septic systems and other utilities on-site, and because they are often smaller than the five-acre minimum allowed by current zoning, these parcels are in high demand. Tear-down parcels in San Martin vicinity generally range from \$130,000 to \$250,000 per acre.

The cost of land for multifamily housing (6-12 units per acre) in the unincorporated pockets can cost between \$75,000 and \$85,000 per unit. This is primarily due to the availability of services (i.e., sewers, water, electricity, etc.) and shortage of developable, vacant land in the urban areas.

- **Construction Costs**

These are costs which cover site improvements (not land costs) necessary to prepare a site for development as well as the actual costs of labor and materials for the dwelling. An analysis of Bay Area construction costs performed by the Bank of America indicated a cost of just under \$70.00 per square foot for a standard quality single family residence (a 1,570 square foot house with a 446 square foot garage and 837 square feet of patio, driveway and walkway). These figures reflect costs of site improvements and construction work only; "hook-up" fees and special district assessments are not included.

- **Energy Costs**

A considerable amount of the unincorporated area housing stock is over 40 years old. Older homes often lack the ceiling and side-wall insulation, and other energy-saving features found in homes of more recent construction. Although the County does not control the price of energy, it can, and does, contribute to tangible energy cost-savings to residents by advertising energy conservation, home rehabilitation, and "retro-fitting" programs, and by assisting homeowners in applying for such services. All new housing must meet state Title 24 construction standards. For lower-income home owners and renters, energy savings can increase the affordability of housing.

- **The Health of the National and State Economy**

Regardless of the plans and programs designed by Santa Clara County, development of all types is largely dependent on private initiatives motivated by private economic decisions. Insofar as the local economy is robust and expanding or stagnant and depressed, development activity throughout the county responds accordingly. Many County programs are dependent on economic growth for their success. For example, the Density Bonus Program cannot work unless development occurs.

California's and Santa Clara County's economies are extraordinarily strong and diverse, and have shown their resilience to minor economic vagaries elsewhere. However, the two economies are not invulnerable as current national recession has shown. The debate amongst economists as to whether the 1990-91 recession will be brief and mild or drawnout and debilitating rages on. This, coupled with extraordinary monetary costs incurred by the United States' participation in the Persian Gulf War, suggests that the near-term prospects of increased funding for housing appears less than promising. Rather the assertion that there will most likely be cuts in funding for housing at every level of government in the coming year would be difficult to argue with.

Ironically, the recession and war come at a time when, after a decade of neglect, there appears to be renewed interest at both the federal and state level for restoring programs to encourage the development of housing for all Americans. Whether officials in Sacramento and Washington will have the budgetary leeway to pursue expanded housing efforts is unknown at this time.

- **Availability of Financing**

Strong factors influencing the cost of housing are the availability of mortgage financing and interest rates. Interest rates have moderated generally downward since the early 1980s. Although economists have given conflicting projections on the future course of mortgage interest rates, it would appear that rates will remain at around 10% for the five year horizon of this Update.

The County can, and does, act to counter high interest rates through a variety of programs. The Mortgage Credit Certificate Program, sponsored by the federal and state government, can be used to reduce the mortgage debt-load of moderate income, first-time home buyers. The County has previously employed this program to the state-determined limit. The County will continue issuing MCC's and pursue an increase in the annual number of certificates it may issue. The County may also use its good credit to back tax-exempt Mortgage Revenue Bonds. This has occurred in the past and may be considered again when County officials

feel the economic climate is right. The bonds may be used to construct either single family or multifamily housing, but must be targeted to benefit lower income households.

County contacts with local mortgage financing agencies, review of Community Reinvestment Act reports, and monitoring by its Housing and Community Development Unit have failed to identify any instances of "red-lining," areas where residential loans are constrained by illegal loan practices. Loans are available at market-rates in all unincorporated areas.

What would appear to present a far greater threat to the availability of mortgage financing is the crisis effecting savings and banking institutions nationally. Recent estimations of the financial dimensions of institutional insolvency have reached into the billions of dollars. However the situation may be resolved, it is clear that the federal government will likely implement far more stringent regulations and monitoring procedures. Insofar as those new regulations reduce the availability of mortgage financing to households of moderate means, the access to for-sale housing by those households will be constrained. Similarly, more stringent loan requirements together with a general shortage of loan funds have already constrained private-sector multifamily construction in the county.





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